

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

All enquiries concerning the Rights Issue with Warrants should be addressed to our Share Registrar, Securities Services (Holdings) Sdn Bhd, Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, and the accompanying NPA and RSF have also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

The approval from our shareholders for the Rights Issue with Warrants was obtained at our EGM held on 5 June 2017. The approval from Bursa Securities has also been obtained on 5 May 2017 for the admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and new Pasdec Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue with Warrants. The admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and new Pasdec Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants.

Neither the SC nor Bursa Securities takes any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus. The admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and new Pasdec Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities will commence after the receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Our Board has seen and approved all the documentation relating to this Rights Issue with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in these documents false or misleading.

This Abridged Prospectus, and the accompanying NPA and RSF are only despatched to our Entitled Shareholders whose names appear on our Record of Depositors and who have provided our Share Registrar with a registered address in Malaysia not later than 5.00 p.m. on Wednesday, 16 May 2018. This Abridged Prospectus, and the accompanying NPA and RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/or other professional advisers as to whether the acceptance and/or renunciation (as the case may be) of all or any part of their entitlements to the Rights Shares and Warrants would result in a contravention of any laws of such countries or jurisdictions. Neither we, RHB Investment Bank nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be) of the entitlements to the Rights Shares and Warrants made by the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

RHB Investment Bank, being our Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 6 OF THIS ABRIDGED PROSPECTUS.



PASDEC HOLDINGS BERHAD

(Company No. 367122-D)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

RENOUNCEABLE RIGHTS ISSUE OF 114,391,200 NEW ORDINARY SHARES IN PASDEC HOLDINGS BERHAD ("PASDEC") ("RIGHTS SHARE(S)") ON THE BASIS OF 2 RIGHTS SHARES FOR EVERY 5 EXISTING ORDINARY SHARES IN PASDEC ("PASDEC SHARE(S)") HELD AS AT 5.00 P.M. ON WEDNESDAY, 16 MAY 2018, TOGETHER WITH 114,391,200 FREE DETACHABLE WARRANTS ("WARRANT(S)") ON THE BASIS OF 1 WARRANT FOR EVERY 1 RIGHTS SHARE SUBSCRIBED, AT AN ISSUE PRICE OF RM0.35 PER RIGHTS SHARE ("RIGHTS ISSUE WITH WARRANTS")

Principal Adviser and Joint Underwriter

Joint Underwriter



RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)



IMPORTANT RELEVANT DATES AND TIME:

Entitlement Date	: Wednesday, 16 May 2018 at 5.00 p.m.
Last date and time for:	
Sale of Provisional Rights Shares	: Tuesday, 23 May 2018 at 5.00 p.m.
Transfer of Provisional Rights Shares	: Monday, 28 May 2018 at 4.00 p.m.
Acceptance and Payment for the Provisional Rights Shares	: Friday, 1 June 2018 at 5.00 p.m.
Application and Payment for the Excess Rights Shares	: Friday, 1 June 2018 at 5.00 p.m.

This Abridged Prospectus is dated 16 May 2018

ALL TERMS AND ABBREVIATIONS USED HEREIN SHALL HAVE THE SAME MEANINGS AS THOSE DEFINED IN THE "DEFINITIONS" SECTION OF THIS AP UNLESS STATED OTHERWISE.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

WE AND OUR ADVISER HAVE NOT AUTHORISED ANY PERSON TO GIVE ANY INFORMATION OR REPRESENT US IN RELATION TO THIS RIGHTS ISSUE WITH WARRANTS. BEAR IN MIND ALSO THAT THIS ABRIDGED PROSPECTUS SHALL NOT REPRESENT OR IMPLY THAT THERE HAVE BEEN NO CHANGE IN OUR COMPANY'S AFFAIRS SINCE THE ISSUANCE OF THE ABRIDGED PROSPECTUS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:-

“Abridged Prospectus”	: This abridged prospectus dated 16 May 2018
“Acquisition”	: The acquisition of twelve (12) parcels of office units in Menara Zenith, a multi-storey office building located in Kuantan, Pahang from JISB for an aggregate consideration of RM40,000,000 which was fully satisfied via the issuance of 80,000,000 Pasdec Shares, at an issue price of RM0.50 per Pasdec Share which was completed on 9 June 2017
“Act”	: Companies Act, 2016
“ATM”	: Automated teller machine
“Authorised Nominee”	: A person who is authorised to act as a nominee as defined under the Rules of Bursa Depository
“Board”	: Board of Directors of Pasdec
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
“CDS”	: Central Depository System
“CDS Account(s)”	: A securities account established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of deposits of securities and dealings in such securities by the depositor
“CMSA”	: Capital Markets and Services Act, 2007
“Code and the Rules”	: The Malaysian Code on Take-Overs and Mergers, 2016 and the Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by SC on 15 August 2016
“Consideration Shares(s)”	: 80,000,000 new Pasdec Shares issued and allotted to JISB pursuant to the Acquisition
“Deed Poll”	: The deed poll dated 23 March 2018 constituting the Warrants
“Director(s)”	: The director(s) of Pasdec and shall have the meaning given in Section 2(1) of the CMSA
“EGM”	: Extraordinary General Meeting
“Electronic Application”	: Application for the Rights Shares and/or Excess Rights Shares through the ATMs of Participating Financial Institutions
“Entitled Shareholder(s)”	: The shareholder(s) of our Company whose names appear in the Record of Depositors of our Company on the Entitlement Date pursuant to the Rights Issue with Warrants

DEFINITIONS (CONT'D)

“Entitlement Date”	: 5.00 p.m. on Wednesday, 16 May 2018, being the date and time on which the names of the Entitled Shareholders must appear in the Record of Depositors in order to be entitled to participate in the Rights Issue with Warrants
“EPS”	: Earnings per share
“Excess Rights Application”	: Application(s) for Excess Rights Shares as set out in Section 10.7 of this Abridged Prospectus
“Excess Rights Share(s)”	: Rights Shares with Warrants which are not taken up or not validly taken up by our Entitled Shareholders and/or their renounce(s) (if applicable) prior to excess application
“Foreign Addressed Shareholder(s)”	: Entitled Shareholders who have not provided us with a registered address in Malaysia
“FYE”	: Financial year ended/ending, as the case may be
“GDV”	: Gross development value
“Internet Participating Financial Institution”	: Internet participating financial institutions for Internet Application as referred to in Section 10.3 of this Abridged Prospectus
“JF Apex” or the “Joint Underwriter”	: JF Apex Securities Sdn Bhd (Company No. 47680-X)
“JISB” or the “Vendor”	: Jasa Imani Sdn Bhd (Company No. 183562-M)
“Joint Underwriters”	: Collectively, RHB Investment Bank and JF Apex
“LAT”	: Loss after tax
“LBT”	: Loss before tax
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“LPD”	: 17 April 2018, being the latest practicable date prior to the registration of this Abridged Prospectus with the SC
“LPS”	: Loss per share
“Market Day(s)”	: Any day between Monday to Friday (both days inclusive), excluding public holidays, and any day on which Bursa Securities is open for trading of securities
“NA”	: Net assets
“NPA”	: Notice of provisional allotment of the Rights Shares with Warrants pursuant to the Rights Issue with Warrants
“NRS”	: Nominee Rights Subscription service offered by Bursa Depository, at the request of our Company, to Authorised Nominees for electronic subscription of Rights Shares with Warrants through Bursa Depository’s existing network facility with the Authorised Nominee

DEFINITIONS (CONT'D)

“Participating Financial Institution”	:	Participating financial institutions for Electronic Applications as referred to in Section 10.3 of this Abridged Prospectus
“Pasdec” or “our Company”	:	Pasdec Holdings Berhad (Company No. 367122-D)
“Pasdec Group” or “our Group”	:	Collectively, Pasdec and its subsidiaries
“Pasdec Share(s)”	:	Ordinary share(s) in Pasdec
“PAT”	:	Profit after tax
“PBT”	:	Profit before tax
“PCSB”	:	Pasdec Corporation Sdn Bhd (Company No. 55031-P)
“PKNP”	:	Pahang State Development Corporation (<i>Perbadanan Kemajuan Negeri Pahang</i>), a statutory body incorporated in Malaysia through the Lembaga Kemajuan Negeri Pahang (LKNP) Enactment Bill 12/65
“Price-Fixing Date”	:	23 March 2018, being the date on which our Company fixed and announced the issue price of the Rights Shares and exercise price of the Warrants
“Provisional Rights Share(s)”	:	Rights Shares with Warrants provisionally allotted to our Entitled Shareholders
“Record of Depositors”	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
“RHB Investment Bank”, the “Principal Adviser” or the “Joint Underwriter”	:	RHB Investment Bank Berhad (Company No. 19663-P)
“Rights Issue Entitlement File”	:	An electronic file forwarded by Bursa Depository to an Authorised Nominee who has subscribed for NRS, containing information of such Authorised Nominee’s entitlements under the Rights Issue with Warrants as at the Entitlement Date
“Rights Issue with Warrants”	:	Renounceable rights issue of 114,391,200 Rights Shares on the basis of two (2) Rights Shares for every five (5) existing Pasdec Shares held on the Entitlement Date, together with 114,391,200 free detachable Warrants, on the basis of one (1) Warrant for every one (1) Rights Share subscribed, at an issue price of RM0.35
“Rights Share(s)”	:	114,391,200 new Pasdec Shares to be issued pursuant to the Rights Issue with Warrants
“Rights Shares Subscription File”	:	An electronic file submitted by an Authorised Nominee who has subscribed for NRS, to Bursa Depository containing information pertaining to such Authorised Nominee’s subscription of the Rights Shares with Warrants and/or Excess Rights Shares with Warrants
“RSF”	:	Rights subscription form in relation to the Rights Issue with Warrants

DEFINITIONS (CONT'D)

“Rules of Bursa Depository”	: The rules of Bursa Depository as issued pursuant to the SICDA
“SC”	: Securities Commission Malaysia
“Share Registrar”	: Securities Services (Holdings) Sdn Bhd (Company No. 36869-T)
“SICDA”	: Securities Industry (Central Depository) Act, 1991
“TERP”	: Theoretical ex-rights price
“Undertaking Shareholders”	: The shareholders of Pasdec, who have provided their respective Undertakings, names of whom are set out in Section 3.1 of this Abridged Prospectus
“Undertakings”	: Irrevocable undertaking(s) from the Undertaking Shareholder(s), who have irrevocably undertaken <i>inter alia</i> to apply and subscribe in full for its/their respective entitlements of the Rights Shares with Warrants based on its/their shareholdings as at the Entitlement Date as set out in Section 3.1 of this Abridged Prospectus
“Underwriting Agreement”	: The underwriting agreement dated 23 March 2018 entered into between our Company and the Joint Underwriters in relation to the Rights Issue with Warrants
“VWAP”	: Volume weighted average market price
“Warrant(s)”	: 114,391,200 free detachable warrants in Pasdec to be issued pursuant to the Rights Issue with Warrants

CURRENCIES

“BWP”	: Botswana Pula
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“ZAR”	: South African Rand

All references to “**our Company**” and “**Pasdec**” in this Abridged Prospectus are made to Pasdec Holdings Berhad and references to “**our Group**” or “**Pasdec Group**” are made to our Company and our subsidiaries. All references to “**we**”, “**us**”, “**our**” and “**ourselves**” are made to our Company, or where the context requires, our Group or any of our subsidiaries. All references to “**you**” in this Abridged Prospectus are made to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name (Designation)	Address	Nationality	Occupation
Dato' Sri DiRaja Haji Adnan Bin Haji Yaakob (<i>Non-Independent Non-Executive Chairman</i>)	No. 13, Lorong Sri Pelindung 58, Jalan Tengku Muhamad, 25050 Kuantan, Pahang Darul Makmur.	Malaysian	State legislative assemblyman
Dato' Indera Haji Abdul Rahim bin Mohd Ali (<i>Non-Independent Non-Executive Director</i>)	A-3598, Lorong Tok Sira 19, Medan Tok Sira, 25050 Kuantan, Pahang Darul Makmur.	Malaysian	Chief Executive Officer of PKNP
Dato' Sri Kamaruddin bin Mohammed (<i>Non-Independent Non- Executive Director</i>)	No. 126, Jalan Delima, Taman Perwira Satu, 53100 Gombak, Selangor Darul Ehsan.	Malaysian	Company Director
Dato' Sri Tew Kim Thin (<i>Non-Independent Non- Executive Director</i>)	No. 26, Jalan P8 A/1, Presint 8, 62250 Putrajaya, Wilayah Persekutuan Putrajaya.	Malaysian	Company Director and entrepreneur
Dato' Ir. Noor Azmi bin Jaafar (<i>Independent Non-Executive Director</i>)	No. 18, Jalan Ferum 7/31, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan.	Malaysian	Company Director
Dato' Majid bin Mohamad (<i>Independent Non-Executive Director</i>)	Lot 7202, Jalan Intan, Taman Setia Gombak, 53100 Kuala Lumpur.	Malaysian	Company Director and entrepreneur
Sharina Bahrin (<i>Independent Non-Executive Director</i>)	36 Jalan SS1/20, 47300 Petaling Jaya, Selangor Darul Ehsan.	Malaysian	Company Director and entrepreneur
Teh Sew Hong (<i>Independent Non-Executive Director</i>)	No. 28, Jalan BRP 5/2, Putra Residence, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor Darul Ehsan.	Malaysian	Company Director and entrepreneur
Tew Liang Tze (<i>Alternate Director to Dato' Sri Tew Kim Thin</i>)	No. 1, Jalan P8E 2/5, Presint 8, 62250 Putrajaya, Wilayah Persekutuan Putrajaya.	Malaysian	Company Director and entrepreneur

CORPORATE DIRECTORY (CONT'D)

GROUP AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Sharina Bahrin	Chairman	Independent Non-Executive Director
Dato' Ir. Noor Azmi bin Jaafar	Member	Independent Non-Executive Director
Dato' Majid bin Mohamad	Member	Independent Non-Executive Director
Teh Sew Hong	Member	Independent Non-Executive Director
Dato' Sri Kamaruddin bin Mohammed	Member	Non-Independent Non-Executive Director

COMPANY SECRETARY : Shakerah Enayetali (LS0007974)
 Tingkat 14, Menara Teruntum
 Jalan Mahkota
 25000 Kuantan
 Pahang Darul Makmur

Tel : (09) 513 3888
 Fax: (09) 514 5988

REGISTERED OFFICE : Tingkat 14, Menara Teruntum
 Jalan Mahkota
 25000 Kuantan
 Pahang Darul Makmur

Tel : (09) 513 3888
 Fax: (09) 514 5988
 Website: <http://www.pasdec.com.my>

HEAD OFFICE Tingkat 14, Menara Teruntum
 Jalan Mahkota
 25000 Kuantan
 Pahang Darul Makmur

Tel : (09) 513 3888
 Fax: (09) 514 5988
 Website: <http://www.pasdec.com.my>

SHARE REGISTRAR : Securities Services (Holdings) Sdn Bhd (Company No. 36869-T)
 Level 7, Menara Milenium
 Jalan Damanlela, Pusat Bandar Damansara
 Damansara Heights
 50490 Kuala Lumpur

Tel : (03) 2084 9000
 Fax: (03) 20949940 / (03) 2095 0292

AUDITORS AND REPORTING ACCOUNTANTS : Messrs. Hanafiah Raslan & Mohamad (AF 0002)
 Unit 10 D-J, Level 10, Menara Zenith
 Jalan Putra Square 6
 25200 Kuantan

Tel : (09) 515-7500
 Fax: (09) 515-7600

CORPORATE DIRECTORY (CONT'D)

PRINCIPAL BANKERS

: CIMB Bank Berhad (Company No. 13491-P)
10th Floor, CIMB Building
Jalan Bank, 25000 Kuantan
Pahang Darul Makmur

Tel : (609) 512 1337
Fax: (609) 516 5995

Bank Islam Malaysia Berhad (Company No. 98127-X)
No 1, Jalan Putra Square 2
Putra Square
25200 Kuantan
Pahang Darul Makmur

Tel : (609) 517 3225
Fax: (609) 517 3225

Asian Finance Bank Berhad (Company No. 716122-P)
Level 1 Podium Block, Kenanga International
Jalan Sultan Ismail
50250 Kuala Lumpur

Tel : (603) 2079 1000
Fax: (603) 2079 1177

RHB Bank Berhad (Company No. 6171-M)
Level 9, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

Tel : (603) 9285 2233
Fax: (603) 2142 7568

SOLICITORS

: Lee Choon Wan & Co
No 12, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur

Tel : (03) 2093 0078
Fax: (03) 2094 1750

PRINCIPAL ADVISER

: RHB Investment Bank Berhad (Company No. 19663-P)
Level 9, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

Tel: (603) 9287 3888
Fax: (603) 9287 4770

CORPORATE DIRECTORY (CONT'D)

JOINT UNDERWRITERS : RHB Investment Bank Berhad (Company No. 19663-P)
Level 9, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

Tel: (603) 9287 3888
Fax: (603) 9287 4770

JF Apex Securities Berhad (Company No. 47680-X)
6th Floor, Menara Apex
Off Jalan Semenyih
Bukit Mewah
43000 Kajang
Selangor Darul Ehsan

Tel: 03-8736 1118
Fax : 03-8736 2135

STOCK EXCHANGE LISTING : Main Market of Bursa Securities

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PASDEC HOLDINGS BERHAD

(Company No. 367122-D)
(Incorporated in Malaysia)

Registered Office

Tingkat 14, Menara Teruntum
Jalan Mahkota
25000 Kuantan
Pahang Darul Makmur

16 May 2018

Board of Directors

Dato' Sri DiRaja Haji Adnan bin Haji Yaakob	<i>(Non-Independent Non-Executive Chairman)</i>
Dato' Indera Haji Abdul Rahim bin Mohd Ali	<i>(Non-Independent Non-Executive Director)</i>
Dato' Sri Kamaruddin bin Mohammed	<i>(Non-Independent Non-Executive Director)</i>
Dato' Sri Tew Kim Thin	<i>(Non-Independent Non-Executive Director)</i>
Dato' Ir. Noor Azmi bin Jaafar	<i>(Independent Non-Executive Director)</i>
Dato' Majid bin Mohamad	<i>(Independent Non-Executive Director)</i>
Sharina Bahrin	<i>(Independent Non-Executive Director)</i>
Teh Sew Hong	<i>(Independent Non-Executive Director)</i>
Tew Liang Tze	<i>(Alternate Director to Dato' Sri Tew Kim Thin)</i>

To: Our Entitled Shareholders

Dear Sir/Madam

RENOUNCEABLE RIGHTS ISSUE OF 114,391,200 RIGHTS SHARES ON THE BASIS OF 2 RIGHTS SHARES FOR EVERY 5 EXISTING PASDEC SHARES HELD AS AT 5.00 P.M. ON WEDNESDAY, 16 MAY 2018, TOGETHER WITH 114,391,200 FREE DETACHABLE WARRANTS ON THE BASIS OF 1 WARRANT FOR EVERY 1 RIGHTS SHARE SUBSCRIBED, AT AN ISSUE PRICE OF RM0.35 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE

1. INTRODUCTION

On 18 October 2016, RHB Investment Bank, on behalf of our Board, announced that our Company had proposed, amongst others, to undertake a proposed renounceable two-call rights issue of 114,391,200 new Pasdec Shares on the basis of 2 Rights Shares for every 5 existing Pasdec Shares held, together with 114,391,200 free detachable Warrants, on the basis of 1 Warrant for every 1 Rights Share subscribed, at an indicative issue price of RM0.50, of which the indicative first call of RM0.30 will be payable in cash on application and the indicative second call of RM0.20 is to be capitalised from our Company's reserves ("**Proposed Two-Call Rights Issue with Warrants**").

On 31 January 2017, the Act came into effect (with the exception of Section 241 and Division 8, Part III), whereby one of the key changes of the Act is the abolishment of the par value for shares. Consequential to the Act, and in view of the no par value regime, RHB Investment Bank, on behalf of our Board, announced on 28 February 2017 that our Company had revised the Proposed Two-Call Rights Issue with Warrants to the Rights Issue with Warrants.

On 8 May 2017, RHB Investment Bank, on behalf of our Board, announced that Bursa Securities had vide its letter dated 5 May 2017, approved the admission of the Warrants to the Official List, listing of the Consideration Shares, the Rights Shares, the Warrants and new Pasdec Shares arising from the exercise of the Warrants on the Main Market of Bursa Securities, subject to, amongst others, the following conditions:-

	Conditions	Status of compliance
a)	Pasdec and RHB Investment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants;	Noted
b)	Pasdec and RHB Investment Bank to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be complied
c)	Pasdec to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed;	To be complied
d)	Pasdec to furnish Bursa Securities with a certified true copy of the resolutions passed by the shareholders at the EGM approving the Rights Issue with Warrants; and	To be complied
e)	Payment of additional listing fees based on the final issue price of the Rights Shares and Warrants together with a copy of the computation of the amount of listing fees payable, if relevant. In this respect, Pasdec is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants as at the end of each quarter together with a detailed computation of the listing fees payable.	To be complied

Our shareholders, at our EGM held on 5 June 2017, approved the Acquisition and Rights Issue with Warrants. A certified true extract of the resolutions pertaining to the Rights Issue with Warrants which was passed at the said EGM, is set out in **Appendix I** of this Abridged Prospectus.

On 19 October 2017, RHB Investment Bank, on behalf of our Board, announced that our Company had on even date submitted an application to Bursa Securities for an extension of time of six (6) months up to 2 May 2018 to complete the Rights Issue with Warrants.

On 7 November 2017, RHB Investment Bank, on behalf of our Board, announced that Bursa Securities had vide its' letter dated 6 November 2017, resolved to grant our Company up to 2 May 2018 to complete the Rights Issue with Warrants.

On 23 March 2018, RHB Investment Bank had, on behalf of our Board, announced the following:-

- (i) the issue price of the Rights Shares has been fixed at RM0.35 per Rights Share;
- (ii) the exercise price of the Warrants has been fixed at RM1.00 per Warrant;
- (iii) Pasdec has entered into the Underwriting Agreement with the Joint Underwriters; and
- (iv) the Entitlement Date has been fixed as at the close of business at 5.00 p.m. on Friday, 6 April 2018, along with the other relevant dates pertaining to the Rights Issue with Warrants.

On 29 March 2018, RHB Investment Bank had, on behalf of our Board, announced that the Entitlement Date has been revised to 5.00 p.m. on Monday, 14 May 2018, along with other relevant dates pertaining to the Rights Issue with Warrants.

On 13 April 2018, RHB Investment Bank had, on behalf of our Board, announced that the Entitlement Date has been revised to 5.00 p.m. on Tuesday, 15 May 2018, along with other relevant dates pertaining to the Rights Issue with Warrants in view of the declaration of 9 May 2018 as a public holiday in Malaysia.

On 18 April 2018, RHB Investment Bank had, on behalf our Board, announced that Bursa Securities had vide its' letter dated 17 April 2018, resolved to grant our Company an extension of time up to 13 June 2018 to complete the Rights Issue with Warrants.

On 10 May 2018, RHB Investment Bank had, on behalf of our Board, announced that the Entitlement Date has been revised to 5.00 p.m. on Wednesday, 16 May 2018, along with other relevant dates pertaining to the Rights Issue with Warrants in view of the declaration of 10 May 2018 and 11 May 2018 as public holidays in Malaysia.

As you are an Entitled Shareholder, you will find enclosed in this Abridged Prospectus, a NPA notifying you of the number of Rights Shares with Warrants which you are entitled to subscribe for under the terms of the Rights Issue with Warrants and the RSF to enable you to subscribe for the Provisional Rights Share, as well as to apply for the Excess Rights Shares if you choose to do so. The Rights Shares with Warrants that are not taken up or not validly taken up will be made available for Excess Rights Application. Any under-subscription will thereafter be subscribed by the Undertaking Shareholders as set out in **Section 3** of this Abridged Prospectus.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS OF THE RIGHTS ISSUE WITH WARRANTS AND RISK FACTORS ASSOCIATED WITH THE RIGHTS ISSUE WITH WARRANTS. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Particulars of the Rights Issue with Warrants

The Rights Issue with Warrants entails an issuance of 114,391,200 Rights Shares on the basis of 2 Rights Shares for every 5 existing Pasdec Shares held, together with 114,391,200 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed, on the Entitlement Date.

The entitlement basis of 2 Rights Shares for every 5 existing Pasdec Shares held was arrived at after taking into consideration the quantum of funds intended to be raised by our Company, details of which are set out in **Section 5** of this Abridged Prospectus.

You can subscribe for and/or renounce your entitlements to the Rights Shares with Warrants in full or in part. Any unsubscribed Rights Shares with Warrants will be made available to other Entitled Shareholders and/or their renounce(s) (if applicable) under the Excess Rights Application. It is the intention of our Board to allocate the Excess Rights Shares, if any, in a fair and equitable manner on a basis as set out in **Section 10.7** of this Abridged Prospectus.

In determining the shareholder's entitlements under the Rights Issue with Warrants, any fractional entitlements shall be disregarded and/or dealt with in such manner as our Board in its absolute discretion deems fit and expedient or in the best interest of our Company.

As you are an Entitled Shareholder and the Rights Shares with Warrants are prescribed securities, your CDS Account will be duly credited with the number of Provisional Rights Shares which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such securities into your CDS Account and the RSF to enable you to subscribe for the Provisional Rights Shares, as well as to apply for Excess Rights Shares if you choose to do so.

Any dealing in our securities will be subject to, *inter-alia*, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares with Warrants will be credited directly into the respective CDS Accounts of the successful applicant. No physical share certificates will be issued but notices will be despatched to the successful applicant.

The notice of allotment will be despatched to you or your renounee(s)/transferee(s) within eight (8) Market Days from the last date of acceptance and payment for the Rights Shares.

2.2 Basis and justification of arriving at the issue price of the Rights Shares

As announced on 23 March 2018, our Board has fixed the issue price of the Rights Shares at RM0.35 per Rights Share after taking into consideration the following:-

- (i) the TERP of RM0.51 per Pasdec Share, calculated based on the five (5)-day VWAP of Pasdec Shares up to and including 22 March 2018, being the last Market Day immediately preceding the Price-Fixing Date of RM0.57; and
- (ii) the funding requirements of Pasdec and the intended utilisation of proceeds, details of which are set out in **Section 5** of this Abridged Prospectus.

The issue price of RM0.35 per Rights Share represents a discount of approximately RM0.16 or 31.4% to the TERP of RM0.51 per Pasdec Share.

2.3 Basis and justification of arriving at the exercise price of the Warrants

The Warrants attached to the Rights Shares will be issued at no cost to the Entitled Shareholders and/or their renounee(s) who subscribe for the Rights Shares.

As announced on 23 March 2018, our Board has fixed the exercise price of the Warrants at RM1.00 per Warrant, after taking into consideration the following:-

- (i) the prevailing market conditions (which may include, *inter alia*, volatility and/or trading volumes of the Malaysian stock market, interest rate environment and market sentiment);
- (ii) earnings potential and future prospects of our Group as highlighted in **Section 7.5** of this Abridged Prospectus; and
- (iii) the TERP of RM0.51 per Pasdec Share, calculated based on the five (5)-day VWAP of Pasdec Shares up to and including 22 March 2018, being the last Market Day immediately preceding the Price-Fixing Date of RM0.57.

The exercise price of the Warrants represents a premium of RM0.49 or approximately 96.1% to the TERP of RM0.51 per Pasdec Share.

2.4 Ranking of the Rights Shares and new Pasdec Shares arising from the exercise of the Warrants

All the Rights Shares will, upon allotment and issuance, rank equally in all respects with the then existing Pasdec Shares, save and except that the holders of the Rights Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid for which the Entitlement Date precedes the date of allotment and issuance of the Rights Shares.

The new Pasdec Shares to be issued arising from the exercise of Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing Pasdec Shares, save and except that the holders of the new Pasdec Shares will not be entitled to any dividends, rights, allotment and/or any other distributions that may be declared, made or paid prior to the relevant date of allotment and issuance of the new Pasdec Shares.

2.5 Principal terms of the Warrants

Issue size	:	114,391,200 Warrants
Form	:	The Warrants, which are issued with the Rights Shares will be immediately detached upon issuance and separately traded on Bursa Securities. The Warrants will be issued in registered form and constituted by the Deed Poll
Exercise Rights	:	Each Warrant entitles its registered holder to subscribe for one (1) new Pasdec Share at the Exercise Price (as defined herein), at any time during the Exercise Period (as defined herein), subject to adjustments in accordance with the provisions of the Deed Poll
Exercise Period	:	The Warrants may be exercised at any time within a period of five (5) years commencing from and including the date of issuance of the Warrants and ending at 5.00 p.m. on the Expiry Date (as defined herein). Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid
Exercise Price	:	The exercise price of the Warrants is fixed at RM1.00 per Warrant
Expiry Date	:	The day falling immediately before the fifth (5th) anniversary of the date of issuance of the Warrants and if such date is not a market day, then on the preceding market day
Mode of exercise	of	The registered holder of a Warrant is required to lodge an exercise form, as set out in the Deed Poll, with the Company's registrar, duly completed, signed and stamped together with payment of the Exercise Price by banker's draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia
Mode of transfer	:	The Warrants are transferrable in the manner and according to the provisions of the Deed Poll, Securities Industry (Central Depositories) Act 1991 and the Rules of Bursa Depository
Board lot	:	For the purpose of trading on Bursa Securities, a board lot of Warrants shall comprise of 100 Warrants or such other multiple thereof as determined by Bursa Securities carrying the right to subscribe for 100 new Pasdec Shares or such other multiple thereof at any time during the Exercise Period
Listing status	:	The Warrants and the new Pasdec Shares arising from the exercise of Warrants shall be listed and quoted on the Main Market of Bursa Securities
Ranking of new Pasdec Shares	:	The new Pasdec Shares to be issued pursuant to the exercise of the Warrants, shall upon allotment and issue, rank equally in all respects with the then existing Pasdec Shares, except that they will not be entitled to any dividends, rights, allotments, and/or other distributions that may be declared, made or paid, for which the entitlement date precedes the date of allotment and issuance of the new Pasdec Shares

Adjustments in the exercise price and/or number of Warrants : The Exercise Price and/or number of unexercised Warrants may be adjusted in the event of changes to the share capital of the Company, capital distribution or issue of shares or any other events in accordance with the provisions of the Deed Poll

Governing Law : Laws and regulations of Malaysia

2.6 Details of other corporate exercises

Save for the Rights Issue with Warrants, there are no other corporate exercises announced but pending completion.

3. SHAREHOLDERS' UNDERTAKINGS AND UNDERWRITING ARRANGEMENT

3.1 Undertakings

The Rights Issue with Warrants is intended to be undertaken on a full subscription basis.

The Undertaking Shareholders have provided their respective Undertakings to subscribe in full for their respective entitlements of the Rights Shares with Warrants under the Rights Issue with Warrants. The details of the Undertakings are as follows:-

Undertaking Shareholders	Shareholdings as at the LPD		Entitlement undertakings	Shareholdings after the Rights Issue with Warrants	
	No. of Pasdec Shares	(%)		No. of Pasdec Shares	(%)
PKNP	106,395,650	37.20	42,558,260	148,953,910	37.20
JISB	⁽¹⁾ 80,867,900	28.28	32,347,160	113,215,060	28.28
Tew Kim Kiat	6,051,300	2.12	2,420,520	8,471,820	2.12
Total	193,314,850	67.60	77,325,940	270,640,790	67.60

Note:-

- (1) Including JISB's deemed interest in Zenith Aim Sdn Bhd of 867,900 Pasdec Shares. JISB was deemed interested by virtue of its major shareholders' shareholdings in Zenith Aim Sdn Bhd pursuant to Section 8 of the Act. JISB's major shareholders, namely Major Merchants Sdn Bhd and Dato' Sri Tew Kim Thin, hold 80% and 20% interest, respectively in Zenith Aim Sdn Bhd.

The Undertaking Shareholders have each confirmed, in their respective Undertakings, that they have sufficient financial resources to subscribe for the Rights Shares with Warrants under the Rights Issue with Warrants. RHB Investment Bank has verified that the Undertaking Shareholders have sufficient financial resources to take up the number of Rights Shares with Warrants as specified in their respective Undertakings.

RHB Investment Bank and Pasdec confirm that after taking into consideration the above undertakings and underwriting, the subscription of the Rights Shares with Warrants by the Undertaking Shareholders will not give rise to any mandatory general offer obligation under the Code and the Rules. However, should PKNP or JISB and/or persons acting in concert with each of them exercise their Warrants, such that their shareholdings in Pasdec, whether on an individual or collective basis increase above 33% or increase more than 2% in any six (6) months period (where the acquiring member already holds more than 33% but not more than 50% of the voting shares or voting rights of our Company), they are obliged under Rule 4 of the Code to undertake a mandatory offer for all the remaining Pasdec Shares not already held by them after the exercise of the Warrants.

PKNP and JISB have each confirmed, in their respective Undertakings, that they will observe and comply at all times with the provisions of the Code and the Rules, and that they will not at any time do or perform any act (including the exercise of the Warrants) which triggers an obligation to extend a mandatory general offer under the Code and the Rules.

3.2 Underwriting

The remaining open portion of 37,065,260 Rights Shares, representing 32.4% of the total Rights Shares ("**Open Portion**"), have been jointly underwritten in full by the Joint Underwriters at an underwriting commission of 2.0% of the total value of the Underwritten Shares, subject to terms and conditions of the Underwriting Agreement. The underwriting commission to the Joint Underwriters will be borne by our Company. A detailed breakdown of the underwriting arrangement is set out below.

Underwriters	Right Shares underwritten under the Open Portion		Underwriting commission
	No. of Pasdec Shares	(%)	RM
RHB Investment Bank	100	0.01	1.00
JF Apex	37,065,160	99.99	259,456.12
Total	37,065,260	100.00	259,457.12

4. RATIONALE FOR THE RIGHTS ISSUE WITH WARRANTS

After considering various methods of fund raising such as the issuance of private debt securities or bank borrowings, as well as the capital structure of our Company, our Board is of the view that the Rights Issue with Warrants is currently the most appropriate way to raise funds for our Company. The Rights Issue with Warrants will, amongst others:-

- (i) allow our Company to raise funds without incurring interest cost, as compared to bank borrowings. The fund raised will be used for the purposes highlighted in **Section 5** of this Abridged Prospectus, which are expected to contribute positively towards the future earnings of our Group;
- (ii) provide an opportunity to the Entitled Shareholders to participate in an equity offering on a pro rata basis and subscribe to new Pasdec Shares at a discount to the prevailing market prices;
- (iii) enable the Entitled Shareholders to participate in the continuing growth of our Company without diluting the existing shareholders' equity interest, provided that they fully subscribe and exercise their entitlements under the Rights Issue and Warrants, respectively; and
- (iv) increase the number and potentially enhance the liquidity of Pasdec Shares on the Main Market of Bursa Securities, thereby attracting more active participation by the investing community.

In addition, the Warrants will enhance the attractiveness of the Rights Issue with Warrants as it provides the shareholders of Pasdec with an opportunity to further increase their equity participation when they exercise their Warrants, which will also generate proceeds to our Company for its future working capital.

5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.35 per Rights Share, the total amount of gross proceeds to be raised from the Rights Issue with Warrants and the intended manner of utilisation of the said proceeds are as follows:-

Proposed utilisation	(RM'000)	%	Timeframe for the utilisation of proceeds
Land premium ⁽¹⁾	7,436	18.57	Within three (3) months
Property development ⁽²⁾	18,000	44.96	Within two (2) years
Working capital purposes ⁽³⁾	13,501	33.72	Within one (1) year
Estimated expenses for the Rights Issue with Warrants ⁽⁴⁾	1,100	2.75	Within one (1) month
Total	40,037	100.00	

Notes:-

- (1) Relates to the application by our wholly-owned subsidiary, Pasdec Corporation Sdn Bhd for the land application and alienation of two (2) parcels of land totalling approximately 83 acres located in Muadzam Shah and Gambang, Pahang from the Pahang State Government which was approved by the Pahang State Government on 10 May 2011 and 11 September 2015 respectively. Further details of the Lands are set out as follows:-

Registered Owner	Pahang State Government	
Location of lands	Muadzam Shah	Gambang
Address	Bandar Muadzam Shah, Mukim Keratong, Daerah Rompin, Pahang Darul Makmur	Gambang, Mukim Kuala Kuantan, Daerah Kuantan, Pahang Darul Makmur
Size	60 acres	23 acres
Land premium to be paid	RM4,188,000	RM3,248,310
Condition for usage of lands	For mixed-housing development projects	For residential/electrical substation and other public use areas
Tenure	Leasehold land of 99 years upon issuance of land title	Leasehold land of 99 years upon issuance of land title
Market value*	Not applicable	Not applicable

Note:-

- * No independent market valuation was carried out on the Lands as the land premium was determined by the state government.

The land application and alienation for the aforesaid Lands is in line with our Group's strategy to increase our land banks from the Pahang State Government at strategic locations for future development. As at the LPD, our Group intends to undertake mixed development projects on the land in Muadzam Shah ("**Muadzam Shah Land**"), comprising of residential homes and commercial shop lots with total estimated GDV of RM159.5 million. The proposed development on Muadzam Shah Land is planned for launch in fourth quarter of 2018 and the development projects are expected to span over a period of 5 years. Notwithstanding this, the proposed development on Muadzam Shah Land is preliminary at this juncture and may subject to further changes.

As at the LPD, there is no immediate plan for the land in Gambang and any proposed development in future would be depending on the performance of the Malaysian property market, particularly in the Pahang State.

- (2) As at the LPD, our Group has four (4) residential and/or commercial development projects in hand with total estimated GDV of approximately RM92.60 million. A breakdown on the allocation of proceeds to each project is set out in the table below.

	Property name (type of development)	RM('000)
1.	51 units of two and two-and-a-half storey terrace house at Vista Verde (Phase 2), located in Kuantan, Pahang - Payments to suppliers and contractors	3,500
2.	104 units of one, two and three storey terrace house at Bandar Putra 7A5, located in Kuantan, Pahang - Payments to suppliers and contractors	7,800
3.	71 units of one and two storey terrace house at Balok Perdana Zone 3 (Phase 4 and 5), located in Gebeng, Pahang - Payments to suppliers and contractors	2,500
4.	15 units of double storey commercial shop office at Cenderawasih Pesona, located in Kuantan, Pahang - Payments to suppliers and contractors	4,200
Total		18,000

The actual utilisation of gross proceeds for the abovementioned projects will depend on the actual funding requirement for the projects and the timing of completion of the Rights Issue with Warrants. Any amount not utilised for one (1) or more of these projects will be utilised for the other projects set out above or for other property development activities which our Group has not identified at this juncture.

Further details on the above development projects are set out in **Section 7.5** of this Abridged Prospectus.

- (3) Part of the proceeds will be utilised to meet our Group's working capital requirements. These includes, amongst others, relocation costs from our existing office to Menara Zenith, administrative expenses, general expenses and other operating expenditures, the breakdown of which is set out below.

Working capital	RM('000)	Timeframe for the utilisation of proceeds
Relocation costs to Menara Zenith	3,000	Within six (6) months
Administrative, general expenses and other operating expenses ^(a)	10,501	Within one (1) year
Total	13,501	

Notes:-

- (a) Comprising of staff wages and salaries, consultant and professional fees, marketing and sales expenses, rental and maintenance, utilities and office supplies, the breakdown of which is set out below:-

	RM('000)
Staff wages and salaries	5,000
Consultant and professional fees i.e. legal, audit, tax agent fee and valuers	2,000
Marketing and sales expenses	1,000
Rental and maintenance	1,000
Utilities	1,000
Office supplies	501
Total	10,501

Any excess/shortfall in the amount utilised for such purpose will be adjusted to/from the relocation costs to Menara Zenith or other components of the administrative, general expenses and other operation expenses.

- (4) The estimated expenses related to the Rights Issue with Warrants comprise of, amongst others, professional fees (i.e. adviser, reporting accountant, valuer, registrar and solicitors), regulatory fees, underwriting commission, and other related expenses, the breakdown of which is as follows:-

	RM('000)
Professional fees	510
Regulatory fees	89
Underwriting commission	287
Other related expenses ^(a)	214
Total	1,100

Note:-

- (a) Includes printing and despatch cost, cost of convening EGM, advertisement expenses and other miscellaneous charges

Any surplus or shortfall of funds for the estimated expenses will be utilised for working capital or be funded from working capital respectively.

Pending utilisation of the proceeds from the Rights Issue with Warrants for the above purposes, the proceeds will be placed in deposits or short-term money market instruments with licensed banks or financial institutions as our Board may deem fit. The interest earned therefrom will be used as additional working capital for our Group.

In the event that there is any material variation in the utilisation of proceeds, our Board will make an announcement pertaining thereto and seek shareholders' approval for the variation, if necessary.

6. RISK FACTORS

You and/or your renounee(s)/transferee(s) (if applicable) should carefully consider the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this Abridged Prospectus, before subscribing for or investing in the Rights Issue with Warrants.

6.1 Risks relating to our Group

6.1.1 Dependence on licensing/approval from authorities

Our Group's operations are affected by a variety of regulatory approvals particularly in respect of approvals for development plans and conversion of land usage. There is no assurance that any delay in obtaining these approvals may not have an adverse impact on the timing of launching our property development projects and thereby affecting future profitability.

As at LPD, there are two (2) projects which are currently undertaken by our subsidiaries, Pasdec Putra Sdn Bhd and Pasdec Corporation Sdn Bhd respectively that are classified as ailing projects by the National Housing Department ("**Ailing Projects**"). Further details on the Ailing Projects is set out as follows:-

Project details	Developer	Location	⁽¹⁾ Original expected completion date	Reason for classification
Perumahan Bandar Putra 6A8 (54 units of double storey semi-detached houses)	Pasdec Putra Sdn Bhd	Bandar Putra, Kuantan	20/2/2016	Delay in completion of project
Perumahan Pasdec Damansara Package 4 (164 units of single and double storey terrace houses)	Pasdec Corporation Sdn Bhd	Bandar Damansara, Kuantan	2/5/2016	Delay in completion of project

Note:-

(1) As extracted from the official website of National Housing Department.

As prescribed by National Housing Department, an ailing project is a project that experiences delay of more than 30% on the progress compared to actual expected development or has reached the expiry period of the sale and purchase agreement pertaining to the project ("**Classification**"). The implications arising from such Classification may include restriction from applying new advertising permit and renewal of developer's licenses, all of which will hinder our Group from launching new development projects or continue with the existing development projects (where the developer's license has expired) in the event the Classification is not uplifted.

Notwithstanding the above, our Company will implement and/or are currently implementing measures to mitigate the impact arising from the Ailing Projects and to rectify the status of both projects. These measures include the following:-

- (a) Project Bandar Putra 6A8
- i) As at the LPD, the project has been completed; and
 - ii) the Certificate of Completion and Compliance ("**CCC**") for 12 units of double storey semi-detached houses has been issued as at LPD. The CCC for the remaining 42 units are expected to be obtained by end of May 2018.
- (b) Project Pasdec Damansara Package 4
- i) As at the LPD, the first phase comprising of 72 units of single and double storey terrace houses is completed and the Certificate of Fitness for Occupation ("**CFO**") for the said units have been obtained; and
 - ii) a new contractor has been appointed to take over the construction of the remaining 92 units and are expected to be completed by October 2018.

As and when the CCC and CFO for the above-mentioned projects are obtained, we will submit the relevant applications to the National Housing Department to uplift the projects from such Classification, the process of which may take up to three (3) months as it involves inspection of relevant certificates and site visits by the National Housing Department.

Taking into consideration the above, our Board believes that the Ailing Projects will not adversely affect the revenue stream and profitability of our Group moving forward in view of the following:-

- (i) Project Bandar Putra 6AB is completed while the CCC is expected to be obtained by end of May 2018 and hence, we expect to uplift the aforesaid project from such Classification within second half of 2018;
- (ii) Project Pasdec Damansara Package 4 is expected to be completed by October 2018 while the CFO is expected to be obtained by end of 2018 and hence we expect to uplift the aforesaid project from such Classification by first quarter of 2019;
- (iii) our Company had, as of 31 December 2017, provided a sum of approximately RM5.08 million for potential liquidated and ascertained damages (“LAD”) claims arising from delay in completion of the Ailing Projects; and
- (iv) our Group is currently focused on selling our completed units and will continue to complete the on-going development projects.

Notwithstanding the above, there can be no assurance that the Classification for the Ailing Projects can be uplifted within the timeframe stipulated above as any delay in the completion of the Ailing Projects will hinder our Group from launching new development projects or continue with the existing development projects (where the developer’s license has expired).

6.1.2 Project completion risk

Timely completion and hand-over of our property development and construction projects is critical in ensuring costs are contained and our reputation is safeguarded. However, delays in completion could result from unforeseen circumstances such as natural disasters, shortage of construction materials and labour, adverse weather conditions, major labour disputes, unfavourable credit terms, unsatisfactory performance of contractors appointed for development and construction projects, delays in obtaining the necessary approvals from local authorities, major changes in government/local authorities’ approval policies, stop work orders issued by relevant local authorities and/or other unforeseen circumstances.

If any of the abovementioned circumstances occur for a prolonged period, we may incur additional costs such as liquidated ascertained damages (“LAD”) payable to customers/clients, rectification costs to repair defects or higher material labour costs which may be substantial and have a material adverse effect on our financial performance. However, depending on our Group’s terms of engagement with our appointed contractors, our Group may be entitled to claim all or part of such LAD from our Group’s appointed contractors for each project, in the event such delays are caused by them. Notwithstanding this, there can be no assurance that we will be successful in our claims against the contractors and if successful, such claims will be received in a timely manner.

6.1.3 Risk of property overhang and/or unsold properties

We are susceptible to the risk of property overhang and/or unsold properties which are commonly caused by oversupply and/or low take-up rate of new property launches. Other factors contributing to property overhang may include economic downturn and unfavourable market conditions. Any prolonged rise in the property overhang situation and increase in the number of unsold properties in the property market may also be due to other factors such as weak response to the launched properties, location of the development and changes in consumers' preferences.

Our Group seeks to minimise the abovementioned risk through, amongst others, careful selection of the property development projects to be undertaken by our Group, offering competitively priced properties as well as continuously monitoring the developments in the Malaysian property market.

Although our Group takes such measures into account in planning our new projects and managing on-going projects, there can be no assurance that the risk of property overhang will not have a material impact on our financial performance.

6.1.4 Cost of landbank, raw materials and skilled labours

Our profitability may be affected by an increase in land acquisition costs and fluctuation of construction costs which are inherent risks in our industry. The increase in land premium and costs will reduce our profit margin in the event that we are unable to fully pass on increases in these costs to our customers.

Our Group purchases a wide range of raw materials (including sand, cement and tiles) from our suppliers. Generally, our Group does not maintain long term contracts with any of our suppliers but we maintain long term relationships with them based on their track record of delivery and performance. In addition, we are also susceptible to price fluctuations in the raw materials market which are beyond our control and could result in increased costs that may have a material adverse effect on our Group's financial performance.

The property development and construction industry in Malaysia also faces shortage of skilled labour due to low participation of Malaysians in this sector and restrictions on foreign workers, which has been exacerbated in recent years by the increased demand for construction workers for large infrastructure projects.

6.1.5 Foreign exchange risk

As our manufacturing operation in Botswana involves importing of raw materials from Japan and Europe and exporting of finished goods to South Africa, our Group is exposed to the currency of ZAR, Japanese Yen and Euro. As such, any adverse fluctuation in the above mentioned foreign currencies against the BWP will increase the costs of raw materials and would have an effect on our Group's production costs and profitability.

Further to the above, as our reporting currency of our statutory financial statement is presented in RM, we are also exposed to foreign exchange fluctuations at each reporting date when the financial results of our operations in Botswana are consolidated for purposes of presentation in our financial statements.

6.1.6 Interest rate risk

Our Group has borrowings including bank overdrafts, revolving credit facilities, bankers' acceptances, term loans and redeemable preference shares. As at the LPD, our Group had total outstanding borrowings of approximately RM120.52 million which are charged at the interest rates between 2.1% to 9.4% per annum, details of which are disclosed in **Section 9.2** of this Abridged Prospectus. Our Group's finance costs based on the audited accounts as at 31 December 2017 amounted to approximately RM13.13 million. Interest charged on bank borrowings is dependent on prevailing interest rates, and is hence subject to future fluctuations of interest rates which could materially affect our Group's profitability.

In addition, the agreements for loan facilities and securities in relation thereto, contain covenants such as requirements to meet satisfactory targets for certain financial ratios i.e. debt to EBITDA, leverage and net asset value which may limit our Group's operating and financing flexibility, as certain plans and/or proposals may be restricted or require the consent of the relevant financial institution. A breach of such covenants may result in the termination and/or enforcement of certain provisions under the relevant credit facility.

There is no assurance that the performance of our Group would remain favourable in the event of any adverse changes in interest rates.

6.1.7 Dependence on key personnel

Our Group believes that our continued success will depend to a certain extent on the abilities and continued efforts of our Directors and key management personnel, who have in-depth knowledge and experience in the industries we currently operate in.

The loss of any of our Directors and/or key members of the senior management without suitable and timely replacement may adversely affect our continued ability to compete effectively in the industry. Our Group's future success will also depend on our ability to attract and retain skilled personnel.

6.1.8 Compulsory land acquisition by the Government

The Government has the power to compulsorily acquire any land in Malaysia pursuant to the provisions of the Land Acquisition Act, 1960. If all or any portion of our Group's development or project lands are compulsorily acquired by the Government at any point in time, the amount of compensation to be awarded to our Group will be computed based on the First Schedule of the Land Acquisition Act, 1960.

In such event, the amount of compensation paid to our Group may be lesser than the market value of the lands and/or the purchase consideration that our Group has paid in acquiring such lands. This may in turn adversely affect our Group's business, financial condition, results of operations and prospects.

6.1.9 Political, economic and regulatory risk

Any adverse development in the political situation and economic uncertainties in Malaysia could materially and adversely affect the financial performance of our Group despite our Group taking necessary measures, including but not limited to, keeping abreast with local policies and laws as well as seeking professional legal advice prior to committing to new projects.

Any change in the political situation and/or government policies in Malaysia may also affect the business of our Group. Political or regulatory changes, imposition of capital controls and changes in interest rates or taxes may impact our Group's business, financial condition, results of operations and prospects. Other adverse political situations include the risks of wars, terrorism, nationalisation and expropriation which may also affect the performance of our Group.

In 2010, Bank Negara Malaysia ("**BNM**") had introduced a maximum loan-to-value ratio of 70% with regards to third home purchases. Under the ruling, potential third home purchasers are only able to obtain loan-financing facility of up to 70% of the value of their proposed third home purchases. This ruling was introduced with the aim of discouraging speculation in the property market. In November 2013, BNM issued a ruling that banks are required to give out property loans based on net selling price of the properties, which excludes rebates and discounts as opposed to the gross selling price of the subject properties.

Since introduction of the above measures, our property development division had witnessed higher cancellation of property sales arising from rejection of loan applications. Our Board takes cognisance of the regulatory policies in place and will seek to minimise the abovementioned risks through, amongst others, adopting strategies to attract wider reach of potential buyers, careful selection of the property development projects to be undertaken by our Group, offering competitively priced properties as well as continuously monitoring the developments in the Malaysia property market.

While we strive to continuously take measures as stated above, much of the above changes are beyond our control and there can be no assurance that any adverse development in terms of political, economic and regulatory will not material affect our business and financial performance.

6.2 Risks relating to the Rights Issue with Warrants

6.2.1 Market risks

The market price of Pasdec Shares is influenced by, amongst others, the prevailing market sentiment, the liquidity of Pasdec Shares, the volatility of equity markets, the outlook of the industry in which Pasdec operates in and the financial performance of our Group. In view of this, there can be no assurance that Pasdec Shares will trade at or above the issue price of the Rights Shares or the TERP of Pasdec Shares upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

6.2.2 Delay in or abortion of the Rights Issue with Warrants

There is a risk that the Rights Issue with Warrants may be aborted or delayed on the occurrence of material adverse change of events or unforeseen circumstances, such as changes in inflation rates, interest rates, unfavourable changes in the governments' policies such as taxation and licensing requirements as well as other force majeure events or circumstances such as natural disasters, health epidemics, acts of government, terrorism, strikes, international/national disorders, and states of emergency, which are beyond the control of our Company and RHB Investment Bank, arising during the implementation of the Rights Issue with Warrants.

In this respect, our Company will exercise its best endeavours to ensure the successful implementation of the Rights Issue with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue with Warrants. In the event that the Rights Issue with Warrants is aborted/terminated, our Company will repay without interest all monies received from the applicants in respect of all subscriptions/applications for the Rights Issue with Warrants. If the monies are not repaid within fourteen (14) days after our Company becomes liable to repay it, we shall repay such monies with interest at the rate of 10% per annum or such other rates as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Shares and Warrants have been allotted to the successful Entitled Shareholders and/or their renounees/transferees (if applicable) and the Rights Issue with Warrants is subsequently cancelled/terminated, a return of the monies to the shareholders can only be achieved by way of cancellation of our share capital as provided under the Act. Such cancellation requires the approval of our shareholders by way of special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, if required. There can be no assurance that such monies can be recovered within a short period of time or at all under such circumstances.

6.2.3 Potential dilution in shareholding

Entitled Shareholders who do not and are not able to accept their Rights Shares will have their proportionate percentage of shareholdings and voting interest in our Company reduced in the enlarged issued share capital of our Company as a result of the issuance of the Rights Shares and the new Pasdec Shares to be issued pursuant to the exercise of the Warrants. Pursuant thereto, their proportionate entitlement to any dividends, rights, allotments and/or other distributions that our Company may declare, make or pay after the completion of the Rights Issue with Warrants will correspondingly be diluted.

6.3 Other risks

6.3.1 Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on forecasts and assumptions made by our Group and although believed to be reasonable at that juncture, are subject to known and unknown risks, uncertainties and other factors which may cause our Group's actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, *inter alia*, the risk factors as set out in this section. In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

7.1 Overview and outlook of the Malaysian economy

For the fourth quarter of 2017, the Malaysian economy registered a growth of 5.9% (3Q 2017: 6.2%) as private sector spending continued to be the primary driver of growth (7.4%; 3Q 2017: 7.3%). The external sector performance improved further (5.4%; 3Q 2017: 1.7%), as real import growth moderated faster than real export growth. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.9% (3Q 2017: 1.8%). For the year as a whole, the economy registered a robust growth of 5.9%.

Domestic demand expanded by 6.2% (3Q 2017: 6.6%) supported by continued strength in private sector expenditure (7.4%; 3Q 2017: 7.3%), amid waning support from public sector spending (3.4%; 3Q 2017: 4.0%). Private consumption expanded by 7.0% (3Q 2017: 7.2%), supported by continued wage and employment growth. Private investment registered a higher growth of 9.2% (3Q 2017: 7.9%), driven mainly by the services and manufacturing sectors. Capital spending was supported by continued business optimism and favourable demand, which was evident across both export and domestic-oriented industries.

Public consumption expanded by 6.9% (3Q 2017: 3.9%) mainly driven by higher spending on supplies and services by the Federal Government. Public investment contracted during the quarter (-1.4%; 3Q 2017: 4.1%), due to lower capital spending by both the General Government and public corporations. Gross fixed capital formation (GFCF) growth moderated to 4.3% (3Q 2017: 6.7%) mainly due to a contraction in public investment. By type of assets, capital spending on machinery and equipment continued to register a strong growth of 8.3% (3Q 2017: 11.5%). Investment in structures was broadly sustained at 3.3% (3Q 2017: 3.6%) while investment in other types of assets contracted by 6.7% (3Q 2017: 7.2%)

(Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2017, Bank Negara Malaysia)

7.2 Outlook of the Malaysian property market and construction market

On an annual basis, activities in the housing market have shown some improvements. Total housing transaction volume recorded a smaller contraction of 4.2% (2Q 2017: -8.4%) with 47,501 units of houses being transacted in 3Q 2017. The value of housing transaction also showed signs of improvement, recording a positive annual growth of 8.9% (2Q 2017: -1.5%). The improvement was contributed largely by transactions of houses priced at RM500,000 and above. House prices (as measured by the Malaysian House Price Index) continued to increase at a moderate annual pace of 6.8% in 2Q 2017 (1Q 2017: +6.7%), well below previous peaks observed during the 2012-2013 period (average growth of 12.3%).

Borrowers continued to have access to home financing, especially the first-time house buyers. The growth in outstanding house financing increased to 8.9% (3Q 2017: +8.8%), while the overall housing loan approval rate for the purchase of houses priced below RM500,000 remained high at 72.3% (3Q 2017: 73.9%).

Demand for financing for speculative house purchases remained muted. During the quarter, the share of the number of housing loans settled within three years (the typical duration required to complete construction after a property is acquired) stood at 7.9% (3Q 2017: 10.5%) of total settled housing loans. The annual growth in the number of borrowers with three or more outstanding housing loans (a proxy for speculative buyers) remained low at 0.9% (3Q 2017: +0.7%). The credit quality for overall housing loans also remained sound, with delinquency and impairment ratios at 1.3% and 1.0% of total bank loans, respectively (3Q 2017: 1.2% and 1.1%, respectively).

(Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2017, Bank Negara Malaysia)

The construction sector expanded 5.8% during the quarter (Q4 2016: 5.1%) attributed to positive growth in all subsectors, particularly civil engineering (14.2%) and specialised construction activities at 8.5% (Q4 2016: 10%; 2.5%). Civil engineering subsector was mainly supported by construction of utility and transport infrastructure projects. Meanwhile, the specialised construction activities expanded further mainly driven by electrical wiring and sanitary equipment, installation of solar energy collectors and interior design projects. The non-residential subsector continued to expand at a moderate pace of 0.3% (Q4 2016: 0.1%) following lower incoming supply, particularly in Klang Valley and Johor region. However, the residential subsector moderated 1.1% (Q4 2016: 7.1%) weighed down by lower sales in high-end properties but cushioned by construction of service apartments and Government affordable housing schemes.

During the quarter, the total value of completed construction work expanded 7.7% to register RM35.1 billion involving 8,747 projects (Q4 2016: 8.1%; RM32.6 billion; 9,791 projects). Of which, civil engineering subsector and special trades activities grew 18.4% and 9.5%, respectively. In terms of ownership of the projects, the private sector continues to lead the construction activity with a share of 63.3% (RM22.2 billion) while the remaining by the public sector.

(Source: Quarterly Update on the Malaysian Economy – Fourth Quarter 2017, Ministry of Finance, Malaysia)

7.3 Outlook of the Pahang property market

According to the “Property Market Report First Half (“H1”) 2017” by the National Property Information Centre, Pahang’s property market moderated in H1 2017. A total of 7,640 transactions worth RM2.2 billion were recorded in the review period, down by 10.4% in volume but value increased by a mere 3.0% against H1 2016 (8,528 transactions worth RM2.14 billion). Residential sub-sector retained its lion share of the market at 61.1%. Agriculture sub-sector ranked second with 27.0% market share, followed by development land (5.9%), commercial (4.9%) and industrial (1.2%) subsectors.

Market activity in all sub-sectors was down led by commercial sub-sector which contracted 20.8%, followed by industrial (-20.0%), development land (-17.0%), agriculture (13.6%) and residential (-7.0%) sub-sectors. Transactions value witnessed mixed movements. Commercial and agriculture sub-sectors recorded growth whereas industrial and development land recorded otherwise. Meanwhile, the residential sub-sector remained unchanged.

There were 374 transactions for commercial property recorded in H1 2017 with a total value of RM430.26 million, decreased by 20.8% in volume whereas value showed a significant increase of 39.5% (H1 2016: 472 transactions worth RM308.37 million). The shop sub-sector softened in the review period with 285 transactions worth RM194.84 million in H1 2017. The market activity shrank by 28.4% in volume and 25.4% in value.

The shop overhang and unsold situation was less encouraging in the review period. There were 335 overhang units worth RM222.62 million recorded in H1 2017, a mark increase of more than double in volume and more than two-fold in value against H2 2016. On similar note, the unsold under construction increased by 34.6% to 840 units (H2 2016: 624 units). On a better note, the unsold not constructed reduced by 41.7% to 35 units against 60 units in H2 2016.

The construction activity was on a low tone. Completions decreased by 9.4% to 540 units (H1 2016: 596 units), whilst starts and new planned supply shrank significantly by 51.5% to 251 units (H1 2016: 518 units) and 20.6% to 123 units (H1 2016: 155 units) respectively. As at end-June 2017, there were 22,832 units existing shops with another 2,940 units in the incoming supply and 2,937 units in the planned supply.

In the commercial sub-sector, prices of shops were largely stable with marginal increases recorded in Rompin District. On a similar note, rentals for ground floor shops were also stable with growth recorded in mostly in suburban prime area and suburban secondary area of Kuantan District, due to its good location and neighbourhood attractions.

(Source: Property Market Report First Half 2017, National Property Information Centre, Valuation and Property Services Department, Ministry of Finance, Malaysia)

7.4 Overview and outlook of the South African economy

For the fourth quarter of 2017, the South African economy registered a revised annualised rate of 3.1% (3Q 2017: 2.3%) as secondary and tertiary sectors expanded more quickly, while output growth slowed in the primary sector. This resulted in an increase of real output of 2.1% during the last three quarters of 2017. Real value added by the tertiary sector expanded to 2.7% in the final quarter of 2017 (3Q 2017: 1.1%). The improvement was evident in all four of the services subsectors (commerce, transport, storage & communication, finance, insurance, real estate & business services and government services).

Real gross domestic expenditure (“GDE”) increased by 6.9% in the fourth quarter of 2017 (3Q 2017: 1.2%). Real GDE growth in the fourth quarter of 2017 reflected stronger increases in real final consumption expenditure by households and by general government alongside a sizeable build-up of inventories. In addition, real gross fixed capital formation rebounded in the final quarter of 2017. For the year as a whole, real GDE increased by 1.9% following a contraction of 0.9% in 2016.

(Source: Quarterly Bulletin March 2018, South African Reserve Bank)

In a joint investment project with the Industrial Development Corporation, Beijing Automobile International Corporation began building its new ZAR11 billion vehicle manufacturing plant. The plant will manufacture pickup trucks, SUVs and sedans for the African market. The plant will have an initial capacity to produce about 50,000 cars, trucks and sports utility vehicles. Meanwhile, Toyota SA also opened a ZAR6.1 billion assembly line to produce the Fortuner and Hilux, of which ZAR1.9 billion will go towards supplier tooling, ZAR1.4 billion to in-house tooling and the rest will be committed to in-house facilities and buildings to cater for new press machines.

(Source: Industrial Policy Action Plan 2017/18 – 2019/20, The Department of Trade and Industry of Republic of South Africa)

7.5 Prospects of our Group

Our Group is principally involved in property development, project management, civil and building construction and renewable energy predominantly in Pahang, Malaysia. Our Group is also involved in manufacturing of automotive components in Botswana and export to South Africa.

Moving forward, our Board expects property development to continue being the main driver of growth for our Group. As at the LPD, our Group has four (4) residential and/or commercial development projects in hand (excluding the Ailing Projects) with total estimated GDV of approximately RM92.60 million. These projects are all located in Kuantan. As at the LPD, the on-going development projects of the Group include the following:-

Project name (Type of development)	Estimated GDV (RM'million)	Estimated Date of Completion	Stages of Completion (%)	Sales as at the LPD (%)
51 units of two and two-and-a-half storey terrace house at Vista Verde (Phase 2)	22.36	16/07/2018	89%	-
104 units of one, two and three storey terrace house at Bandar Putra 7A5	38.61	30/06/2018	92%	71
71 units of one and two storey terrace house at Balok Perdana Zone 3 (Phase 4 and 5)	22.16	31/07/2018	68%	-
15 units of double storey commercial shop office at Cenderawasih Pesona	9.47	26/11/2018	24%	-
Total	92.60			

Notwithstanding the on-going property development, our Group expects softer performance due to tight liquidity environment in the local property markets. However, our management foresees the business to be satisfactory due to the following factors:-

- (i) Our Group has existing property development projects with a combined GDV of approximately RM92.60 million which comprises mainly of affordable residential units for which demand is relatively stable despite a softer property market. Furthermore, as disclosed in **Section 5** of this Abridged Prospectus, the proposed development projects to be undertaken on Muadzam Shah Land is planned for launch in fourth quarter of 2018 and the development projects are expected to span over a period of 5 years. The proposed development projects are expected to generate additional revenue to our Group in 2019 onwards.
- (ii) In the past, our Company has been able to purchase landbank from the Pahang State Government at competitive prices and will continue to leverage on this relationship in the future to replenish our landbank. Our Group currently has a land bank of approximately 3,000 acres located mainly in the state of Pahang.
- (iii) Our Group's venture into renewable energy through small hydro power generation at Sungai Benus, Bentong and Sungai Sia, Raub (both in Pahang) is expected to provide recurring income to our Group in future. The power plants at Sungai Benus and Sungai Sia are expected to commence operations by fourth quarter of 2019 and will generate 5 megawatt ("MW") power and 2 MW power at their respective power plants.

Based on our concession agreement with Tenaga Nasional Berhad, the small hydro power operations will allow our Group to sell the renewable energy for a period of 21 years at the feed-in tariff rate of RM0.25 per kilowatt hour at Sungai Benus and RM0.26 per kilowatt hour at Sungai Sia. Collectively, the small hydro power plants are expected to generate annual revenue of approximately RM8 million to RM12 million.

- (iv) The relocation of our manufacturing plants from Brits, South Africa to Lobatse, Botswana will contribute positively to our Group in the long term as the relocation exercise is expected to reduce our cost of production moving forward, thus enabling our manufacturing division to compete with our competitors in terms of cost.

- (v) The collaboration between our 70% owned subsidiary, Pasdec Automotive Technologies (Pty) Ltd. (“PATPY”) and Volkswagen Group was further strengthened when PATPY secured a new contract for the amount in excess of ZAR 1.3 billion (equivalent to approximately RM420.71 million based on Bloomberg’s exchange rate as at the LPD of RM1 : ZAR 3.09) over the next 7 years to manufacture and supply a complete range of electrical wiring harness to Volkswagen Group South Africa beginning from the third quarter of 2017.

8. FINANCIAL EFFECTS

8.1 Share capital

The proforma effects of the Rights Issue with Warrants on the share capital of our Company are as follows:-

	No. of ordinary shares in Pasdec ('000)	(RM'000)
Share capital of Pasdec as at LPD	285,978	295,884
<i>Rights Shares to be issued pursuant to the Rights Issue with Warrants</i>	<i>114,391</i>	<i>(1)33,427</i>
<i>Assuming full exercise of the Warrants</i>	<i>114,391</i>	<i>(2)120,111</i>
Enlarged share capital of Pasdec	514,760	446,914

Note:-

- (1) After taking into consideration the following:-
- i) Issue price of RM0.35 per Rights Share;
 - ii) Adjustments for the relative fair value of RM0.05 per Warrant to be issued pursuant to the Rights Issue with Warrants; and
 - iii) Deducting the estimated expenses of approximately RM1.1 million for the Rights Issue with Warrants, of which RM0.89 million directly attributable to the issuance of Rights Shares will be debited against the share premium (now part of share capital).
- (2) Based on the exercise price of RM1.00 per Warrant and reversal of warrants reserve to share capital upon full conversion of the Warrants.

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8.2 NA and gearing

The pro forma effects of the Rights Issue with Warrants on the NA and gearing of our Group based on the latest audited consolidated financial statements of our Company as at 31 December 2017 and assuming that the Rights Issue with Warrants had been effected on 31 December 2017 are as follows:

	Audited as at 31 December 2017 (RM'000)	Proforma I After the Rights Issue with Warrants (RM'000)	Proforma II After Proforma I and assuming full exercise of the Warrants (RM'000)
Share capital	293,376	(1)2326,803	(3)446,914
Share premium	-	-	-
Warrant reserve	-	(2)5,720	(3)-
Other reserves	(25,533)	(25,533)	(25,533)
Retained earnings	56,299	(1)56,089	56,089
Shareholders' equity / NA	324,142	363,079	477,470
Non-controlling interest	(1,839)	(1,839)	(1,839)
Total equity	322,303	361,241	475,631
No. of shares in issue ('000)	285,978	400,369	514,760
NA per share (RM)	1.13	0.91	0.93
Total borrowings	126,797	126,797	126,797
Gearing(times)⁽⁴⁾	0.39	0.35	0.27

Notes:-

- (1) After deducting the estimated expenses of approximately RM1.1 million for the Rights Issue with Warrants, of which RM0.89 million directly attributable to the issuance of Rights Shares will be debited against the share premium (now part of share capital) and the remaining RM0.21 million will be charged to retained earnings.
- (2) After adjusting for the relative fair value of RM0.05 per Warrant to be issued pursuant to the Rights Issue with Warrants credited from share capital.
- (3) Based on the exercise price of RM1.00 per Warrants and reversal of warrants reserve to share capital upon full conversion of the Warrants.
- (4) Calculated based on total borrowings over total equity.

8.3 Substantial shareholders' shareholdings

The pro forma effects of the Rights Issue with Warrants on the substantial shareholders' shareholdings in our Company are set out below:-

Substantial shareholders	As at LPD		Proforma I After the Rights Issue with Warrants		Proforma II After Proforma I and assuming full exercise of the Warrants	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)	No. of Shares ('000)
PKNP	106,396	-	148,954	-	191,512	-
JISB	80,000	(1)868	112,000	(1)1,215	144,000	(1)1,562
	37.20	0.30	37.20	0.30	37.20	0.30
	27.97		27.97		27.97	

Note:-

- (1) Deemed interested by virtue of its major shareholders' shareholdings in Zenith Aim Sdn Bhd pursuant to Section 8 of the Act. JISB's major shareholders, namely Major Merchants Sdn Bhd and Dato' Sri Tew Kim Thin, hold 80% and 20% interest respectively in Zenith Aim Sdn Bhd.

8.4 Earnings and EPS

The Rights Issue with Warrants will not have any material effect on the earnings of our Group for the FYE 31 December 2018.

However, the EPS of our Company may be reduced correspondingly as a result of the increase in the number of Pasdec Shares pursuant to the Rights Issue with Warrants as well as new Pasdec Shares arising from the exercise of Warrants, if any.

In addition, the use of proceeds from the Rights Issue with Warrants is expected to strengthen our Company's financial position and provide a platform for future earnings growth.

9. WORKING CAPITAL, BORROWINGS, MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

9.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds from the Rights Issue with Warrants, banking facilities available and the funds generated from our Group's operations, our Group will have adequate working capital to meet our business requirements for the next twelve (12) months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM120.52 million, all of which are interest-bearing, details of which are as follows:-

	Purpose of borrowings	Currency	Amount in Foreign Currency ('000)	Amount in (RM'000)
Short term borrowings:-				
Secured:				
- Bank overdrafts	Working capital	RM	-	23,443
- Bank overdrafts	Working capital	BWP	45,908	18,578
- Revolving credits	Working capital	RM	-	21,500
- Term loans	Investment & Working capital	RM	-	16,053
- Term loans	Purchase of Plant & Equipment	BWP	7,137	2,889
- Bridging loan	Project Financing	RM	-	372
- Obligations under finance lease	Purchase of motor vehicles	RM	-	164
Long term borrowings:-				
Secured:				
- Terms loans	Investment & Working capital	RM	-	5,281
- Term loans	Purchase of Plant & Equipment	BWP	78,987	31,964
- Obligation under finance lease	Purchase of motor vehicles	RM	-	278
Total borrowings				120,522

Note:-

^ The above figures have not been audited.

As at LPD, our Group has foreign borrowings comprising of BWP denominated term loans and bank overdraft facilities, totaling approximately BWP132.03 million (equivalent to approximately RM53.45 million based on Bloomberg's exchange rate as at the LPD of RM1 : BWP 2.47), which forms part of our Group's short and long term borrowings. Apart from that, our Group has no other borrowings in foreign currency.

Save as disclosed above, we do not have any other borrowings as at the LPD. After having made all reasonable enquiries, there has not been any default on payments of either interest and/or principal sums in respect of any borrowings throughout the FYE 31 December 2017 and the subsequent financial period up to the LPD.

As at the LPD, neither we nor our subsidiaries are in breach of any terms and conditions or covenants associated with our borrowing facility agreements, which could materially affect our financial position, results and/or business operations.

9.3 Material commitments

Save as disclosed below, there are no material commitments incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results or position of our Group as at LPD:-

	(RM'000)
<u>Approved and Contracted</u>	
Small hydro power operations which includes amongst others, civil and structural works, electromechanical and electrical works and others at:-	
- Sungai Benus	51,568
- Sungai Sia	28,082
	79,650

The material commitments are expected to be financed through our Group's internally generated funds and/or borrowings.

9.4 Contingent liabilities

Save as disclosed below, there are no other contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results or position of our Group as at LPD:-

	(RM'000)
Bank guarantees provided to third parties for on-going property development and construction projects	29,750
Corporate guarantees given by the Company to its subsidiaries and associate companies for the purpose of securing credit and/or banking facilities	201,547

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10. PROCEDURES FOR ACCEPTANCE, SALE/TRANSFER, EXCESS RIGHTS APPLICATION AND PAYMENT

10.1 Important relevant dates and times

Last date and time for:

Sale of Provisional Rights Shares	:	Wednesday, 23 May 2018 at 5.00 p.m.
Transfer of Provisional Rights Shares	:	Monday, 28 May 2018 at 4.00 p.m.
Acceptance and Payment for the Provisional Rights Shares	:	Friday, 1 June 2018 at 5.00 p.m.
Application and Payment for the Excess Rights Shares	:	Friday, 1 June 2018 at 5.00 p.m.

Late applications will not be accepted.

10.2 General

The Provisional Rights Shares are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the Provisional Rights Shares will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renounee(s) and/or transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making applications to subscribe for the Rights Shares with Warrants.

If you are an Entitled Shareholder (other than an Authorised Nominee who has subscribed for NRS), your CDS Account will be duly credited with number of Provisional Rights Shares, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed with this Abridged Prospectus the NPA notifying you of the crediting of such Provisional Rights Shares into your CDS Account and the RSF to enable you to subscribe for such Rights Shares with Warrants that have been provisionally allotted to you, as well as to apply for Excess Rights Shares, if you choose to do so. The Abridged Prospectus and the RSF are also available on Bursa Securities' website (<https://www.bursamalaysia.com>).

Full instructions for the acceptance of and payment for the Rights Shares with Warrants provisionally allotted to you and/or your renounee(s) and/or transferee(s) (if applicable) and the procedures to be followed are set out in this Abridged Prospectus and the accompanying RSF. You are advised to read this Abridged Prospectus, the RSF and the notes and instructions contained in the documents carefully.

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic copy of this Abridged Prospectus and the Rights Issue Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominees. Please refer to **Sections 10.4.4** and **10.7.4** of this Abridged Prospectus for the procedures for acceptance as well as to apply for Excess Rights Shares, if you choose to do so.

Acceptances which do not strictly conform to the terms and conditions as well as the notes and instructions contained herein, or which may be illegible may not be accepted at the absolute discretion of our Board.

10.3 Methods of application

You may subscribe for such number of Rights Shares with Warrants that you have been provisionally allotted as well as to apply for Excess Rights Shares, if you so choose, using either of the following methods:

<u>Method of application</u>	<u>Category of Entitled Shareholders</u>
RSF ⁽¹⁾	All Entitled Shareholders
Electronic Application ⁽²⁾ or Internet Application ⁽³⁾	All Entitled Shareholders
NRS	Authorised Nominee who has subscribed for NRS

Notes:-

- (1) A copy of the RSF will be enclosed together with this Abridged Prospectus. The RSF is also available on the website of Bursa Securities (<http://www.bursamalaysia.com>).
- (2) The following surcharge per Electronic Application will be charged by the Participating Financial Institution:
 - Public Bank Berhad – RM4.24 (inclusive of 6% GST); and
 - Affin Bank Berhad – RM4.24 (inclusive of 6% GST).
- (3) The following processing fee per Internet Application will be charged by the following Internet Participating Financial Institution:
 - Public Bank Berhad (<http://www.pbebank.com>) – RM4.24 (inclusive of 6% GST); and
 - Affin Bank Berhad (<http://www.affinbank.com.my>) – RM4.24 (inclusive of 6% GST).

10.4 Procedures for acceptance and payment

10.4.1 By way of RSF

Acceptance of and payment for the Provisional Rights Shares must be made on the RSF issued with this Abridged Prospectus and completed in accordance with the notes and instructions printed in the RSF. At the absolute discretion of the Board, PASDEC may not accept of the Provisional Rights Shares which do not strictly conform to the terms of this Abridged Prospectus or the RSF or the notes and instructions printed in these documents.

If you wish to accept your entitlement to the Provisional Rights Shares, either in full or in part, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF together with the relevant payment must be sent to our Share Registrar in the envelope provided by **ORDINARY POST** or **DELIVERED BY HAND** or **BY COURIER** at your own risk to the following address:

Securities Services (Holdings) Sdn Bhd
 Level 7, Menara Milenium
 Jalan Damanlela
 Pusat Bandar Damansara
 Damansara Heights
 50490 Kuala Lumpur

Tel: 03-2084 9000
Fax: 03-20949940 / 03-2095 0292
Email: info@sshsb.com.my

so as to arrive not later than 5.00 p.m. on Friday, 1 June 2018, being the last date and time for acceptance and payment.

If you have lost, misplaced or for any other reasons require another copy of the RSF, you and/or your renounce(s)/transferee(s) (if applicable) may obtain additional copies from one of the following:

1. our registered office at:
Tingkat 14, Menara Teruntum
Jalan Mahkota
25000 Kuantan
Pahang Darul Makmur;
2. our Share Registrar at:
Level 7, Menara Milenium
Jalan Damanela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur; or
3. Bursa Securities' website at the following address:
<http://www.bursamalaysia.com>

One (1) RSF can only be used for acceptance of the Provisional Rights Shares standing to the credit in one (1) CDS Account. Separate RSFs must be used for the acceptance of Provisional Rights Shares standing to the credit in more than one (1) CDS Account. The Rights Shares with Warrants accepted by you will be credited into the CDS Account(s) where the Provisional Rights Shares are credited.

A reply envelope is enclosed with this Abridged Prospectus. On order to facilitate the processing of the RSFs by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

The minimum number of Rights Shares that can be accepted is one (1) Rights Share. Successful applicants of the Rights Shares will be given Warrants on the basis of 1 Warrant for every 1 Rights Share successfully subscribed for. However, you should take note that a trading board lot comprises 100 Pasdec Shares.

Any fractional Rights Shares entitlement arising from the Rights Issue with Warrants (if any) shall be disregarded and will be dealt with in a fair and equitable manner as the Board in its absolute discretion deems fit and in the best interest of Pasdec and its shareholders .

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares with Warrants accepted in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia and made payable to "**PASDEC RIGHTS ISSUE ACCOUNT**", crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address in block letters and your CDS Account number. The payment must be made for the exact amount. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. **Cheques or other modes of payment not prescribed herein are not acceptable, except with the approval of our Board. Details of remittance must be filled in the appropriate boxes provided in the RSF.**

SUBSCRIPTION OF PROVISIONAL RIGHTS SHARES SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. THE BOARD RESERVES THE RIGHT AT ITS ABSOLUTE DISCRETION NOT TO ACCEPT THE SUBSCRIPTION OF PROVISIONAL RIGHTS SHARES OR TO ACCEPT IN PART ONLY ANY APPLICATION WITHOUT ASSIGNING ANY REASON THEREOF.

FOR ACCEPTANCE WHICH DO NOT STRICTLY CONFORM TO THE TERMS AND CONDITIONS OF THIS ABRIDGED PROSPECTUS OR THE RSF OR THE NOTES AND INSTRUCTIONS CONTAINED IN THESE DOCUMENTS, OR WHICH ARE ILLEGIBLE MAY BE REJECTED BY OUR BOARD. OUR SHARE REGISTRAR MAY BUT IS NOT OBLIGATED TO CONTACT YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) FOR SUCH ACCEPTANCES.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS.

If acceptance and payment for the Provisional Rights Shares allotted to you (whether in full or in part) are not received by our Share Registrar by 5.00 p.m. on Friday, 1 June 2018 being the last date and time for acceptance and payment for the Provisional Rights Share, the provisional entitlement to you will be deemed to have been declined and will be cancelled.

Our Board will then have the right to allot such Rights Shares with Warrants, which have not been taken up, to applicants who have applied for Excess Rights Shares in the manner as set out in **Section 10.7** of this Abridged Prospectus.

You and/or your renounce(s)/transferee(s) (if applicable) should note that all RSFs and remittance so lodged with our Share Registrar will be irrevocable and cannot be subsequently withdrawn.

Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar or Pasdec. No acknowledgement of the receipt of the RSF for the Rights Shares with Warrants application or the application monies in respect of the Rights Issue with Warrants will be issued by our Company or our Share Registrar.

Applications for Rights Shares with Warrants shall not be deemed to have been accepted by reason of the remittance being presented for payment. Our Board reserves the right not to accept any Rights Shares with Warrants application, in full or in part, without assigning any reason.

Notification on the outcome of your application for the Rights Shares with Warrants will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-

- (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for acceptance and payment for the Rights Shares with Warrants; or

- (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for acceptance and payment for the Rights Shares with Warrants.

If you have provided your bank account information to Bursa Depository for purposes of cash dividend/distribution, the refund will be credited directly into that bank account. For this purpose, you are required to provide your consent via the RSF in accordance with the relevant laws of Malaysia, including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institutions, their respective agents and any third party who may be involved in facilitating the payment of refund to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refund or for any other purpose in connection with such payments.

If the crediting of the refund into that bank account (details of which has been provided to Bursa Depository) is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

10.4.2 By way of Electronic Application

Only individuals who are Entitled Shareholders may apply for the Rights Shares with Warrants by way of Electronic Application.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Electronic Application and the procedures set out at the ATMs of the Participating Financial Institution before making an Electronic Application.

(i) Steps for Electronic Applications through a Participating Financial Institution's ATM within Malaysia

The procedures for Electronic Applications at the ATMs of the Participating Financial Institution are set out on the ATM screens of the relevant Participating Financial Institution ("**Steps**"). For illustration purposes, the procedures for Electronic Applications at ATMs are set out below. The Steps set out the actions that you must take at the ATM to complete an Electronic Application. Please read carefully the terms of this Abridged Prospectus, the Steps and the Terms and Conditions for Electronic Applications set out below before making an Electronic Application.

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institution cannot be used to apply for the Rights Shares with Warrants at an ATM belonging to other Participating Financial Institutions;
- (b) You are advised to read and understand this Abridged Prospectus **BEFORE** making the application; and

(c) You shall apply for the Rights Shares and Warrants via the ATM of the Participating Financial Institution by choosing the Electronic Application option. Mandatory statements required in the application are as set out in "**Terms and conditions for Electronic Applications**" (please refer to **Section 10.4.2(iii)** below). You shall enter at least the following information through the ATM when the instructions on the ATM screen require you to do so:-

- Personal Identification Number ("**PIN**");
- Select **PASDEC RIGHTS ISSUE ACCOUNT**;
- CDS Account number;
- Number of Rights Shares and Warrants applied for and/or the RM amount to be debited from the account;
- Current contact number (for e.g. your mobile phone number); and
- Confirmation of several mandatory statements.

Upon the completion of your Electronic Application transaction, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Application or any data relating to such an Electronic Application by our Company or the Share Registrar. The Transaction Record is for your record and is not required to be submitted with your Application.

You must ensure that you use the number of the CDS Account held in your name when making an Electronic Application. If you operate a joint bank account with any of the Participating Financial Institution, you must ensure that you enter the number of the CDS Account held in your name when using an ATM card issued to you in your name. Your application will be rejected if you fail to comply with the foregoing.

(ii) Participating Financial Institution

Electronic Applications may be made through an ATM of the following Participating Financial Institution and their branches within Malaysia:-

- Public Bank Berhad
- Affin Bank Berhad

(iii) Terms and Conditions of Electronic Applications

The Electronic Application shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Participating Financial Institution and those appearing herein:

- (a) You are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:-
- (i) You have attained 18 years of age as at the last day for application and payment;
 - (ii) You have read the relevant Abridged Prospectus and understood and agreed with the terms and conditions of the application;
 - (iii) You authorise the financial institution with which you have a bank account to deduct the full amount payable for the Rights Shares with Warrants (including the processing fee as mentioned in **Section 10.3 (Note 2)** of this Abridged Prospectus) from your bank account with the said financial institution ("**Authorised Financial Institution**"); and
 - (iv) You hereby give consent to our Company, Bursa Depository, our Share Registrar, the relevant Participating Financial Institution, their respective agents and any third party involved in facilitating the application/refund, to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the relevant authorities and any person as may be necessary or expedient to facilitate the making of the application/refund.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institution. By doing so, you shall have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosures as described above.

- (b) You confirm that you are not applying for the Rights Shares with Warrants as a nominee of any other person and that any Electronic Application that you make is made by you as the beneficial owner.
- (c) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Application, failing which your Electronic Application will not be completed. Any Electronic Application, which does not strictly conform to the instructions set out on the screen of the ATM through which the Electronic Application is being made, will be rejected.

- (d) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares with Warrants applied for as stated on the Transaction Record in respect of your Electronic Application. Your confirmation (by your action of pressing the pre-designated keys (or buttons) on the ATM) of the number of Rights Shares with Warrants applied for shall signify, and shall be treated as, your acceptance of the number of Rights Shares with Warrants that may be allotted to you.

Should you encounter any problems in your Electronic Application, please refer to the Participating Financial Institution.

- (e) By making and completing your Electronic Application, you, if successful, requests and authorises our Company to credit the Rights Shares with Warrants allotted to you into your CDS Account.
- (f) You acknowledge that your Electronic Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Participating Financial Institution or Bursa Depository and irrevocably agrees that if:
- (i) Our Company, our Share Registrar or Bursa Depository does not receive your Electronic Application; or
 - (ii) Data relating to your Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made an Electronic Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Participating Financial Institution or Bursa Depository for the Rights Shares with Warrants applied for or for any compensation, loss or damage relating to the application for the Rights Shares with Warrants.

- (g) All of your particulars, including your nationality and place of residence, in the records of the relevant Participating Financial Institution at the time you make your Electronic Application shall be true and correct, and our Company, our Share Registrar, the relevant Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (h) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Application will be rejected. You must inform Bursa Depository promptly of any change in address, failing which, the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.

- (i) By making and completing an Electronic Application, you agree that:
- (i) In consideration of our Company agreeing to allow and accept your application for the Rights Shares with Warrants via the Electronic Application facility established by the Participating Financial Institution at their respective ATMs, your Electronic Application is irrevocable and cannot be subsequently withdrawn;
 - (ii) Our Company, the Participating Financial Institution, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the Rights Shares with Warrants for which your Electronic Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares with Warrants; and
 - (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Electronic Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (j) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (k) Notification on the outcome of your application for the Rights Shares with Warrants will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-
- (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for acceptance and payment for the Rights Shares with Warrants; or
 - (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for acceptance and payment for the Rights Shares with Warrants.

The refund will be credited directly into your bank account from which your Electronic Application was

made. Kindly take note of the terms and conditions as stated in **Section 10.4.2(iii)** of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

10.4.3 By way of Internet Application

All Entitled Shareholders may apply for the Rights Shares with Warrants by way of Internet Application.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Internet Application and the procedures set out on the internet financial services website of the Internet Participating Financial Institution before making an Internet Application.

(i) Step 1: Set up of account

Before making an application by way of Internet Application, you **must have all** of the following:-

- (a) an existing account with access to internet financial services with **Public Bank Berhad** at <http://www.pbebank.com> or **Affin Bank Berhad** at <http://www.affinbank.com.my>. Accordingly, you will need to have your user identification and PIN/password for the internet financial services facility; and
- (b) a CDS Account held in your name.

(ii) Step 2: Read the Abridged Prospectus

You are advised to read and understand this Abridged Prospectus **BEFORE** making your application.

(iii) Step 3: Apply through Internet

While we will attempt to provide you with assistance in your application for the Rights Shares with Warrants through Internet Applications, please note that the actual steps for Internet Applications through the internet financial services website of a particular Internet Participating Financial Institution may differ from the steps outlined below. The possible steps set out below are purely for illustration purposes only.

- (a) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have an bank account;
- (b) Log in to the internet financial services facility by entering your user identification and PIN/password;
- (c) Navigate to the section of the website on applications in respect of the Rights Shares with Warrants;

- (d) Select the counter in respect of the Rights Shares with Warrants to launch the electronic Abridged Prospectus and the terms and conditions of the Internet Application;
 - (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;
 - (f) At the next screen, complete the online application form;
 - (g) Check that the information contained in your online application form, such as the share counter (in this case, **PASDEC RIGHTS ISSUE ACCOUNT**, your NRIC number, your current contact number (for e.g. your mobile phone number), your CDS Account number, number of Rights Shares with Warrants applied for and the account number to debit are correct. Then select the designated hyperlink on the screen to confirm and submit the online application form;
 - (h) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution (as defined below) to effect the online payment of your money for the Rights Issue with Warrants;
 - (i) You must pay for the Rights Issue with Warrants through the website of the Authorised Financial Institution (as defined below), failing which the Internet Application is not completed, despite the display of the Confirmation Screen. "Confirmation Screen" refers to the screen which appears or is displayed on the internet financial services website, which confirms that the Internet Application has been completed and states the details of your Internet Application, including the number of Rights Shares with Warrants applied for, which can be printed out for your record;
 - (j) As soon as the transaction is completed, a message from the Authorised Financial Institution (as defined below) pertaining to the payment status will appear on the screen of the website through which the online payment for the Rights Shares with Warrants is being made. Subsequently, the Internet Participating Financial Institution shall confirm that the Internet Application has been completed, via the Confirmation Screen on its website; and
 - (k) You are advised to print out the Confirmation Screen for your reference and record.
- (iv) Terms and Conditions of Internet Applications**

The Internet Application shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Internet Participating Financial Institution and those appearing herein:-

- (a) After selecting the designated hyperlink on the screen, you are required to confirm and undertake that the following information given are true and correct:-
 - (i) You have attained 18 years of age as at the last day for application and payment;

- (ii) You have, prior to making the Internet Application, received and/or have had access to a printed/electronic copy of this Abridged Prospectus, the contents of which you have read and understood;
 - (iii) You agree to all the terms and conditions of the Internet Application as set out in this Abridged Prospectus and have carefully considered the risk factors set out in this Abridged Prospectus, in addition to all other information contained in this Abridged Prospectus, before making the Internet Application;
 - (iv) You authorise the financial institution with which you have a bank account to deduct the full amount payable for the Rights Shares with Warrants (including the processing fee as mentioned in **Section 10.3 (Note 3)** of this Abridged Prospectus) from your bank account with the said financial institution ("**Authorised Financial Institution**"); and
 - (v) You hereby give consent in accordance with the relevant laws of Malaysia (including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA) for the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant Internet Participating Financial Institution, their respective agents and any third party involved in facilitating the application/refund, of information pertaining to yourself, the Internet Application made by you, your account with the Internet Participating Financial Institution and/or the Authorised Financial Institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the application/refund.
- (b) You confirm that you are not applying for the Rights Shares with Warrants as a nominee of any other person and that the Internet Application is made in your own name, as beneficial owner and subject to the risks referred to in this Abridged Prospectus.
- (c) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares with Warrants applied for as stated on the Confirmation Screen in respect of your Internet Application. Your confirmation of the number of Rights Shares with Warrants applied for shall signify, and shall be treated as, your acceptance of the number of Rights Shares with Warrants that may be allotted to you.
- Should you encounter any problems in your Internet Application, please refer to the Internet Participating Financial Institution.
- (d) By making and completing your Internet Application, you, if successful, request and authorise our Company to credit the Rights Shares with Warrants allotted to you into your CDS Account.

- (e) You acknowledge that your Internet Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Internet Participating Financial Institution, Authorised Financial Institution or Bursa Depository and irrevocably agrees that if:
- (i) Our Company, our Share Registrar or Bursa Depository does not receive your Internet Application; or
 - (ii) Data relating to your Internet Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,
- you shall be deemed not to have made an Internet Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Internet Participating Financial Institution, Authorised Financial Institution or Bursa Depository for the Rights Shares with Warrants applied for or for any compensation, loss or damage relating to the application for the Rights Shares with Warrants.
- (f) All of your particulars, including your nationality and place of residence, in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Application shall be true and correct, and our Company, our Share Registrar, the relevant Internet Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (g) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Application will be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.
- (h) By making and completing an Internet Application, you agree that:
- (i) In consideration of our Company agreeing to allow and accept your application for the Rights Shares with Warrants via the Internet Application facility established by the Internet Participating Financial Institution at their respective internet financial services website, your Internet Application is irrevocable and cannot be subsequently withdrawn;

- (ii) Our Company, the Internet Participating Financial Institution, Authorised Financial Institution, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Internet Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the Rights Shares with Warrants for which your Internet Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares with Warrants; and
 - (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Internet Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (i) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
 - (j) Notification on the outcome of your application for the Rights Shares with Warrants will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-
 - (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for acceptance and payment for the Rights Shares with Warrants ; or
 - (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for acceptance and payment for the Rights Shares with Warrants .

The refund will be credited directly into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made. Kindly take note of the terms and conditions as stated in **Section 10.4.3(iv)** of this Abridged Prospectus and the required consent in making your Internet Application.

If the crediting of the refund into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

- (k) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with the Rights Issue with Warrants, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with the Rights Issue with Warrants. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Application services.

10.4.4 By way of NRS

Our Company has appointed Bursa Depository to provide NRS to our shareholders who are Authorised Nominees. Only our Entitled Shareholders who are Authorised Nominees and who have subscribed for NRS with Bursa Depository may apply via NRS.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for application via NRS and Bursa Depository's terms and conditions for NRS and User Guide for NRS (which are made available to all Authorised Nominees who have subscribed for NRS with Bursa Depository) before making the application.

(i) Steps for applications via NRS

- (a) If you are an Entitled Shareholder, and who is an Authorised Nominee who has subscribed for NRS with Bursa Depository, you will not be receiving this Abridged Prospectus, the RSF nor the NPA by post.
- (b) Instead, this Abridged Prospectus and a Rights Issue Entitlement File will be transmitted electronically to you by Bursa Depository through Bursa Depository's existing network facility with the Authorised Nominees in the manner as set out in Bursa Depository's User Guide for NRS, on the next business day after the Entitlement Date.
- (c) A notification of the delivery of the Abridged Prospectus and the Rights Issue Entitlement File will also be sent to you via email using the details you have provided to Bursa Depository when you subscribed for NRS with Bursa Depository.
- (d) You are advised to read carefully, understand and follow the terms of this Abridged Prospectus, **BEFORE** making the application.

- (e) You may accept, on behalf of your client, partially or fully, their respective allocation under the Rights Issue with Warrants.
- (f) To apply for the Rights Shares with Warrants, you will be required to submit your subscription information via a Rights Shares Subscription File which is to be prepared based on the format as set out in Bursa Depository's User Guide for NRS.
- (g) Once completed, you will need to submit the Rights Share Subscription File to Bursa Depository at any time daily before 5.00 p.m., but in any event no later than the last date and time for acceptance and payment.
- (h) Together with the Rights Shares Subscription File, you will also need to submit a confirmation to Bursa Depository of the following information:-
 - (i) Confirmation that you have, prior to making the application via NRS, received and/or had access to the electronic copy of this Abridged Prospectus, the contents of which you have read, understood and agreed; and
 - (ii) Consent to the disclosure of your information to facilitate electronic refunds where applicable.
- (i) With regards to payment for the Rights Shares with Warrants which you have applied for, you must transfer the amount payable directly to our bank account, the details of which are as follows:-

Bank : RHB Bank Berhad
Account Name : PASDEC RIGHTS ISSUE ACCOUNT
Bank Account No.: 21412900300437

prior to submitting the Rights Shares Subscription File to Bursa Depository.
- (j) Upon completion of the transfer/payment, you may receive a transaction slip ("**Transaction Record**") from the transacting financial institution confirming the details of your transfer/payment. The Transaction Record is only a record of the completed transaction and not a record of the receipt of the application via NRS or any data relating to such an application by our Company or Bursa Depository. The Transaction Record is for your record and is not required to be submitted with your application via NRS.
- (k) You will be notified on the outcome of your application for the Rights Shares with Warrants electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
 - (i) successful application – an electronic notification will be sent to you within eight (8) Market Days from the last day for acceptance and payment for the Rights Shares with Warrants ; or
 - (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen

(15) Market Days from the last day for acceptance and payment for the Rights Shares with Warrants .

The refund will be credited directly into your bank account(s) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in **Section 10.4.4(ii)** of this Abridged Prospectus and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) (as provided by you in the Rights Shares Subscription File) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

- (l) Upon crediting of the Rights Shares with Warrants allotted to you into your CDS account(s), you will also receive an electronic confirmation of the crediting from Bursa Depository.
- (m) You should note that all applications made for the Rights Shares with Warrants submitted under NRS will be irrevocable upon submission of the Rights Shares Subscription File to Bursa Depository and cannot be subsequently withdrawn.

(ii) Terms and Conditions for applications via NRS

The application via NRS shall be made on, and subject to, the terms of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and Bursa Depository's User Guide for NRS as well as the terms and conditions appearing herein:-

- (a) For purposes of making the electronic refund, you hereby give consent in accordance with the relevant laws of Malaysia, including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institution, their respective agents and any third party involved in facilitating the payment of refunds to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refunds or for any other purpose in connection with such payments. You will be required to provide confirmation of your consent in the manner prescribed in Bursa Depository's terms and conditions for NRS.
- (b) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares with Warrants applied for as stated on your Rights Shares Subscription File in respect of your application via NRS. Your application shall signify, and shall be treated as, your acceptance of the number of Rights Shares with Warrants that may be allotted to you.

- (c) You acknowledge that by completing and submitting the Rights Shares Subscription File to Bursa Depository, you, if successful, requests and authorises our Company to credit the Rights Shares with Warrants allotted to you into the respective CDS Account(s) as indicated in the Rights Shares Subscription File.
- (d) You acknowledge that your application via NRS is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the relevant financial institution or Bursa Depository, and irrevocably agree that if:-
- (i) our Company or our Share Registrar or Bursa Depository does not receive your application via NRS; or
 - (ii) the data relating to your application via NRS is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made your application and you shall not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant financial institution for the Rights Shares with Warrants applied for or for any compensation, loss or damage relating to the application for the Rights Shares with Warrants .

- (e) By completing and submitting the Rights Shares Subscription File to Bursa Depository, you agree that:-
- (i) In consideration of our Company agreeing to allow and accept your application for the Rights Shares with Warrants via the NRS facility established by Bursa Depository, your application via NRS is irrevocable and cannot be subsequently withdrawn;
 - (ii) Our Company, the relevant financial institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your application via NRS due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the electronic notification of allotment in respect of the Rights Shares with Warrants issued is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares with Warrants; and

- (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to with the contract between the parties and/or the application via NRS and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (f) Our Share Registrar and Bursa Depository, on the authority of our Company, reserve the right to reject applications which do not conform to these instructions.

10.5 Procedures for Part Acceptance

10.5.1 By way of RSF

You must complete both Part 1(A) of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to the Share Registrar in the manner set out in **Section 10.4.1** (By way of RSF) of this Abridged Prospectus.

10.5.2 By way of Electronic Applications and Internet Applications

If you are an individual who is an Entitled Shareholder and wish to accept part of your Rights Shares with Warrants via Electronic Application or Internet Application, you may do so by following the same steps as set out in **Section 10.4.2** (By way of Electronic Application) and **Section 10.4.3** (By way of Internet Application), respectively of this Abridged Prospectus.

10.5.3 By way of NRS

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and wish to accept part of your Rights Shares, you may do so by following the same steps as set out in **Section 10.4.4** (By way of NRS) of this Abridged Prospectus.

The portion of the Rights Shares with Warrants that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the Rights Shares with Warrants .

10.6 Procedures for Sale or Transfer of Provisional Rights Shares

The Provisional Rights Shares are renounceable securities and will be traded on Bursa Securities commencing from Thursday, 17 May 2018 up to and including Wednesday, 23 May 2018. As such, you may sell/transfer all or part of your entitlements under the Rights Issue with Warrants during such period.

As the Provisional Rights Shares are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares to one (1) or more persons, you may do so through your stockbrokers without first having to request for a split of the Provisional Rights Shares standing to the credit in your CDS Account.

You may sell such entitlement on Bursa Securities or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository, both for the period up to the last day and time for the sale or transfer of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository).

You are advised to read and adhere to the RSF and the notes and instructions contained in the RSF. In selling or transferring all or part of your Provisional Rights Shares, you need not deliver any document (including the RSF) to your stockbrokers in respect of the portion of the Provisional Rights Shares sold or transferred. However, you are advised to ensure that you must have sufficient number of Provisional Rights Shares standing to the credit in your CDS Account before selling or transferring.

If you have sold or transferred only part of the Provisional Rights Shares, you may still accept the balance of the Provisional Rights Shares. Please refer to **Section 10.4** of this Abridged Prospectus for the procedures for acceptance and payment.

10.7 Procedures for application for Excess Rights Shares

The minimum number of Excess Rights Shares that can be applied for is one (1) Excess Rights Share. However, you should take note that a trading board lot comprises 100 Pasdec Shares.

It is the intention of our Board to allocate the Excess Rights Shares, if any, in a fair and equitable manner in the following sequence:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings as per their CDS Account in our Company as at the Entitlement Date;
- (iii) thirdly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares on a pro-rata basis and in board lot calculated based on the quantum of their respective excess Rights Shares applied for; and
- (iv) fourthly, for allocation to transferee(s) and/or renouncee(s) who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares applied for.

After the above sequence of allocations is completed, any balance of Excess Rights Shares will be allocated again through steps **(ii)-(iv)** above until all Excess Rights Shares are fully allocated.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for under Part I(B) of the relevant RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board set out in **(i)-(iv)** above are achieved. Our Board also reserves the right to accept the Excess Rights Application, in full or in part, without assigning any reason.

10.7.1 By way of RSF

If you are an Entitled Shareholder and/or a renouncee and/or a transferee and/or if you have purchased any Provisional Rights Shares, and wish to apply for additional Rights Shares with Warrants in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II). Send each completed and signed RSF with a **separate remittance** for the full amount payable on the Excess Rights Shares applied for to our Share Registrar so as to arrive not later than 5.00 p.m. on Friday, 1 June 2018.

Payment for the Excess Rights Shares applied for should be made in the same manner described in **Section 10.4.1** of this Abridged Prospectus except that the Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia should be made payable to "**PASDEC EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address in block letters and your CDS Account number. The payment must be made for the exact amount. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. **Cheques or other modes of payment not prescribed herein are not acceptable, except with the approval of our Board.**

You should note that all RSFs lodged with our Share Registrar will be irrevocable and cannot be subsequently withdrawn.

Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. No acknowledgement of receipt of the RSF for the Excess Rights Application or the application monies will be issued by our Company or our Share Registrar.

Excess Rights Application shall not be deemed to have been accepted by reason of the remittance being presented for payment. Our Board reserves the right not to accept any Excess Rights Application, in full or in part, without assigning any reason.

Notification on the outcome of your Excess Rights Application will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-

- (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Excess Rights Shares; or
- (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Excess Rights Shares.

If you have provided your bank account information to Bursa Depository for purposes of cash dividend/distribution, the refund will be credited directly into that bank account. For this purpose, you are required to provide your consent via the RSF in accordance with the relevant laws of Malaysia, including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institutions, their respective agents and any third party who may be involved in facilitating the payment of refund to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refund or for any other purpose in connection with such payments.

If the crediting of the refund into that bank account (details of which has been provided to Bursa Depository) is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

10.7.2 By way of Electronic Application

If you are an individual who is an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any Provisional Rights Shares, and wish to apply for additional Rights Shares with Warrants via Electronic Application in excess of your entitlement, you may do so by following the same steps as set out in **Section 10.4.2** of this Abridged Prospectus save and except that you shall proceed with the option for Excess Rights Application and the amount payable to be directed to "**PASDEC EXCESS RIGHTS ISSUE ACCOUNT**" for the Excess Rights Shares applied.

The minimum number of Excess Rights Shares that can be applied for is one (1) Excess Rights Share. However, you should take note that a trading board lot comprises of 100 Pasdec Shares.

The Electronic Application for Excess Rights Shares shall be made on, and subject to, the same terms and conditions appearing in **Section 10.4.2** of this Abridged Prospectus, as well as the terms and conditions as stated below:-

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights Shares applied for as stated on the Transaction Record or any lesser number of Excess Rights Shares that may be allotted to you in respect of your Electronic Application. In the event that our Company decides to allot any lesser number of such Excess Rights Shares or not to allot any Excess Rights Shares to you, you agree to accept any such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the pre-designated keys (or buttons) on the ATM) of the number of Excess Rights Shares applied for shall signify, and shall be treated as, your acceptance of the number of Excess Rights Shares that may be allotted to you.
- (ii) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (iii) Notification on the outcome of your application for the Excess Rights Shares will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-
 - (a) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Excess Rights; or
 - (b) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Excess Rights Shares.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in **Section 10.4.2** of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

10.7.3 By way of Internet Application

If you are an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any Provisional Rights Shares, and wish to apply for additional Rights Shares with Warrants via Internet Application in excess of your entitlement, you may do so by following the same steps as set out in **Section 10.4.3** of this Abridged Prospectus save and except that you shall proceed with the option for Excess Rights Shares application and the amount payable to be directed to "**PASDEC EXCESS RIGHTS ISSUE ACCOUNT**" for the Excess Rights Shares applied.

The minimum number of Excess Rights Shares that can be applied for is one (1) Excess Rights Share. However, you should take note that a trading board lot comprises of 100 Pasdec Shares.

The Internet Application for Excess Rights Shares shall be made on, and subject to, the same terms and conditions appearing in **Section 10.4.3** of this Abridged Prospectus, as well as the terms and conditions as stated below:-

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights Shares applied for as stated on the Confirmation Screen or any lesser number of Excess Rights Shares that may be allotted to you in respect of your Internet Application. In the event that our Company decides to allot any lesser number of such Excess Rights Shares or not to allot any Excess Rights Shares to you, you agree to accept any such decision as final. If your Internet Application is successful, your confirmation (by your action of clicking the designated hyperlink on the relevant screen of the website) of the number of Excess Rights Shares applied for shall signify, and shall be treated as, your acceptance of the number of Excess Rights Shares that may be allotted to you.
- (ii) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (iii) Notification on the outcome of your application for the Excess Rights Shares will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:-
 - (a) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Excess Rights Shares; or
 - (b) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Excess Rights Shares.

The refund will be credited directly into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made. Kindly take note of the terms and conditions as stated in **Section 10.4.3(iv)** of this Abridged Prospectus and the required consent in making your Internet Application.

If the crediting of the refund into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

10.7.4 By way of NRS

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any Provisional Rights Shares, and wish to apply for additional Rights Shares with Warrants via NRS in excess of your entitlement, you may do so by following the same steps as set out in **Section 10.4.4** of this Abridged Prospectus save and except for the amount payable to be directed to "**PASDEC EXCESS RIGHTS ISSUE ACCOUNT**" for the Excess Rights Shares applied and also that you should complete the details for Excess Rights Application at the designated fields for excess applications in the Rights Shares Subscription File. The details of the account are as follows:

Bank : **RHB Bank Berhad**
Account Name : **PASDEC EXCESS RIGHTS ISSUE ACCOUNT**
Bank Account No. : **21412900300453**

The minimum number of Excess Rights Shares that can be applied for is one (1) Excess Rights Share. However, you should take note that a trading board lot comprises of 100 Pasdec Shares.

The Application for Excess Rights Shares via NRS shall be made on, and subject to, the same terms and conditions appearing in **Section 10.4.4** of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and User Guide for NRS (which are made available to all Authorised Nominees who wish to register for NRS), as well as the terms and conditions as stated below:-

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights Shares applied for as stated on the Right Shares Subscription File or any lesser number of Excess Rights Shares that may be allotted to you in respect of your application via NRS. In the event that our Company decides to allot any lesser number of such Excess Rights Shares or not to allot any Excess Rights Shares to you, you agree to accept any such decision as final. If your application via NRS is successful, your submission of the Rights Shares Subscription File to Bursa Depository shall signify, and shall be treated as, your acceptance of the number of Excess Rights Shares that may be allotted to you.
- (ii) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (iii) You will be notified on the outcome of your application for the Excess Rights Shares electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.

- (a) successful application – an electronic notification will be sent to you within eight (8) Market Days from the last day for application and payment for the Excess Rights Shares; or
- (b) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Excess Rights Shares.

The refund will be credited directly into your bank account(s) (as provided by you in the Rights Shares Subscription File) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in **Section 10.4.4(ii)** of this Abridged Prospectus and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

10.8 CDS Accounts

Bursa Securities has prescribed the Pasdec Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants are prescribed securities and as such, all dealings in the Rights Shares with Warrants will be by book entries through CDS Accounts and will be subject to the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares with Warrants.

Your subscription for the Rights Shares/application for the Excess Rights Shares shall mean that you consent to receiving such Rights Shares/Excess Rights Shares (if successful) as deposited securities which will be credited directly into your CDS Account. No physical share certificates will be issued.

10.9 Foreign Addressed Shareholders and/or shareholders subject to laws of foreign jurisdictions

The NPA and RSF (collectively referred to as the "**Documents**") have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any jurisdiction other than Malaysia.

The Documents are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue with Warrants will not be made or offered or deemed to be made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue with Warrants to which this Abridged Prospectus relates is only available to persons receiving the Documents electronically or otherwise within Malaysia.

As a result, the Documents have not been (and will not be) sent to our Foreign Addressed Shareholders as at the Entitlement Date who have not provided an address in Malaysia to Bursa Depository for the delivery of the Documents. However, Foreign Addressed Shareholders may collect the Documents from our Share Registrar, Securities Services (Holdings) Sdn Bhd, Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia, who will be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Documents.

If you are a Foreign Addressed Shareholder, our Company will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia as stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue with Warrants and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue with Warrants and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue with Warrants in Malaysia and will at all applicable times be subject to the laws of Malaysia.

As an Entitled Shareholder, you and/or your renounee(s) and/or transferee(s) (if applicable) may only accept or renounce or transfer (as the case may be) all or any of the Rights Shares with Warrants to the extent that it would be lawful to do so, and our Directors and officers of our Company and RHB Investment Bank, being our Principal Adviser (collectively, "**Parties**"), would not in connection with the Rights Issue with Warrants, be in breach of the laws of any foreign country or jurisdiction to which you and/or your renounee(s) and/or transferee(s) (if applicable) is or might be subject to. You and/or your renounee(s) and/or transferee(s) (if applicable) shall be solely responsible to seek advice from your legal and/or professional advisers as to the laws of the countries or jurisdictions to which you are or might be subject to. The Parties shall not accept any responsibility or liability whatsoever to any party in the event that any acceptance and/or renunciation and/or transfer made by any Entitled Shareholder and/or his renounee(s) and/or transferee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

In addition, each person, by accepting the delivery of the Documents, accepting any Provisional Rights Shares by signing any of the forms accompanying the Documents or subscribing for or acquiring any Rights Shares with Warrants, will be deemed to have represented, warranted, acknowledged and declared in favour of (and which representations, warranties, acknowledgements and declarations will be relied upon by) the Parties as follows:-

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which you and/or your renounee(s) and/or transferee(s) are or might be subject to;
- (ii) you and/or your renounee(s) and/or transferee(s) have complied with the laws to which you and/or your renounee(s) and/or transferee(s) are or might be subject to in connection with the acceptance or renunciation;
- (iii) you and/or your renounee(s) and/or transferee(s) are not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Rights Shares, be in breach of the laws of any jurisdiction to which that person is or might be subject to;
- (iv) you and/or your renounee(s) and/or transferee(s) are aware that the Provisional Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

- (v) you and/or your renounee(s) and/or transferee(s) have obtained a copy of this Abridged Prospectus and have had access to such financial and other information and have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as you and/or your renounee(s) and/or transferee(s) deem necessary in connection with your and/or your renounee(s)'s and/or transferee(s)'s decision to subscribe for or purchase the Rights Shares with Warrants; and
- (vi) you and/or your renounee(s) and/or transferee(s) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for or purchasing the Rights Shares with Warrants, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

Entitled Shareholders and any other person having possession of this Abridged Prospectus and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside of Malaysia receiving this Abridged Prospectus and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for or acquire any Rights Shares with Warrants unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory or legal requirements in such territory.

We reserve the right, in our absolute discretion, to treat any acceptance as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Rights Shares relating to any acceptance which is treated as invalid will be included in the pool of Excess Rights Shares available for excess application by the other Entitled Shareholders. You and/or your renounee(s) and/or transferee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of your, and/or your renounee(s)'s and/or transferee(s)'s entitlement under the Rights Issue with Warrants or to any net proceeds thereof.

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11. TERMS AND CONDITIONS

The issuance of the Rights Shares and Warrants pursuant to the Rights Issue with Warrants are governed by the terms and conditions as set out in this Abridged Prospectus, NPA and RSF enclosed herewith.

12. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
PASDEC HOLDINGS BERHAD



DATO' SRI DIRAJA HAJI ADNAN BIN HAJI YAAKOB
Chairman

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 5 JUNE 2017



Tingkat 14, Menara Teruntum
Jalan Mahkota, 25000 Kuantan
Pahang Darul Makmur, Malaysia
Tel : 09-513 3888
Fax : 09-514 5988
www.pasdec.com.my

AN EXTRACT OF MINUTES OF AN EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD AT SILK BALLROOM, THE ZENITH HOTEL, JALAN PUTRA SQUARE 6, PUTRA SQUARE, 25200 KUANTAN, PAHANG DARUL MAKMUR ON MONDAY, 5 JUNE 2017 AT 12:15 NOON

2.0 ORDINARY RESOLUTION 2

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF 114,391,200 NEW PASDEC SHARES ("Rights Share(s)") ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING PASDEC SHARES HELD AFTER THE PROPOSED ACQUISITION, TOGETHER WITH 114,391,200 FREE DETACHABLE WARRANTS ("Warrant(s)", ON THE BASIS OF ONE (1) WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED, AT AN INDICATIVE ISSUE PRICE OF RM0.30 PER RIGHTS SHARE ("Proposed Rights Issue with Warrants")

- 2.1 Ordinary Resolution 2 on the Proposed Rights Issue with Warrants was tabled to the Meeting.
- 2.2 After being duly proposed and seconded, the resolution was voted by way of poll.
- 2.3 Based on the poll results, the Chairman declared that Ordinary Resolution 2 was carried as follows:-

"THAT, subject to the passing of the Ordinary Resolution 1 and conditional upon the approvals of all relevant authorities/parties being obtained, where required, including but not limited to the approval of Bursa Malaysia Securities Berhad being obtained for the admission of the Warrants and listing of and quotation for the Rights Shares and Warrants, as well as the new ordinary shares in Pasdec Holdings Berhad ("PASDEC" or "Company") ("PASDEC Share(s)") to be issued arising from the exercise of the Warrants, the Board be and is hereby authorised to provisionally issue and allot by way of renounceable rights issue of 114,391,200 new Rights Shares on the basis of two (2) Rights Shares for every five (5) existing PASDEC Shares held, together with 114,391,200 Warrants on the basis of one (1) free Warrant for every one (1) Rights Share subscribed, at an indicative issue price of RM0.30 per Rights Share, to the shareholders of the Company whose names appear on the Record of Depositors of the Company as at the close of business on an entitlement date to be determined later by the Board which will be after the proposed acquisition of twelve (12) parcels of office units in Menara Zenith, a multi-storey office building located in Kuantan, Pahang from Jasa Imani Sdn. Bhd. for an aggregate consideration of RM40,000,000 which is to be fully satisfied via the issuance of PASDEC Shares at an issue price of RM0.50 per PASDEC Share;

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 5 JUNE 2017 (CONT'D)

EXTRACT OF MINUTES OF AN EXTRAORDINARY GENERAL MEETING OF PASDEC HOLDINGS BERHAD -Page 2-

THAT, the Board be and is hereby authorised to deal with any fractional entitlements of the Rights Shares and Warrants that may arise from the Proposed Rights Issue with Warrants, in such manner at their absolute discretion as the Board deems fit and expedient, and in the best interest of the Company;

THAT, the new PASDEC Shares shall, upon allotment and issuance, rank equally in all respects with the then existing PASDEC Shares, except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the Rights Shares;

THAT, the Board be and is hereby authorised to issue such additional Warrants ("Additional Warrant(s)") as may be required or permitted to be issued as a consequence of the adjustments under the provisions in the deed poll to be executed, constituting the Warrants ("Deed Poll");

THAT, the Board be and is hereby authorised to allot and issue such appropriate number of new PASDEC Shares arising from the exercise of the Warrants and Additional Warrants, if any, by the holders of the Warrants of their rights in accordance with the provisions of the Deed Poll;

THAT, the new PASDEC Shares to be issued arising from the exercise of the Warrants or Additional Warrants shall, upon allotment and issuance, rank equally in all respects with the then existing PASDEC Shares, except that the new PASDEC Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of the new PASDEC Shares;

THAT, any two (2) of the Directors be and are hereby authorised to enter into and execute the Deed Poll and to do all acts, deeds and things as they may deem fit or expedient to implement, finalise and give full effect to the aforesaid Deed Poll;

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 5 JUNE 2017 (CONT'D)

EXTRACT OF MINUTES OF AN EXTRAORDINARY GENERAL MEETING OF PASDEC HOLDINGS BERHAD

-Page 3-

AND THAT, the Board be and is hereby authorised to take all such necessary steps to give effect to the Proposed Rights Issue with Warrants with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue with Warrants."

Certified as true extract of the minutes of an Extraordinary General Meeting held on 5 June 2017,


SHAKERAH ENAYETALI
Group Company Secretary
Dated: 8 January 2018

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated on 14 November 1995 in Malaysia as a public company and was listed on the Main Board (now known as the Main Market) of Bursa Securities on 27 October 1997.

Our Company is principally involved in investment holding. Through our subsidiaries and associate companies, we are principally involved in property development, property management, civil and building construction and renewable energy predominantly in Pahang, Malaysia as well as manufacturing of electrical wiring harness, seat components and catalytic converters in Botswana for the automotive industry in Africa. Further details of the principal activities of our subsidiaries and associate companies are set out in **Section 6** of this **Appendix II**.

2. SHARE CAPITAL

As at the LPD, our Company's share capital is as follows:-

Type	No. of Pasdec Shares	Share capital (RM)
Ordinary shares	285,978,000	295,883,750.00

3. CHANGES IN THE SHARE CAPITAL

The changes in our share capital for the past three (3) years up to and including the LPD are as follows:-

Date of allotment	No. of Pasdec Shares allotted	⁽¹⁾ Par value (RM)	Type of issue /Consideration	Cumulative issued and paid-up share capital (RM)
31.01.2017	-	-	Share premium account	⁽²⁾ 249,985,997
08.06.2017	80,000,000	-	Issuance of Consideration Shares	295,883,750

Notes:-

- (1) With effect from 31 January 2017, the concept of "par value" was abolished under the Act.
 (2) Pursuant to item (1), the amount standing to the credit of our Company's share premium account is assumed to have become part of our Company's share capital.

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INFORMATION ON OUR COMPANY (CONT'D)

4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The pro forma effects of the Rights Issue with Warrants on the substantial shareholders' shareholdings in our Company are set out below:-

Substantial shareholders	As at LPD		Proforma I After the Rights Issue with Warrants		Proforma II After Proforma I and assuming full exercise of the Warrants	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of Shares ('000) %	No. of Shares ('000) %	No. of Shares ('000) %	No. of Shares ('000) %	No. of Shares ('000) %	No. of Shares ('000) %
PKNP	106,396 37.20	-	148,954 37.20	-	191,512 37.20	-
JISB	80,000 27.97	(1)868 0.30	112,000 27.97	(1)1,215 0.30	144,000 27.97	(1)1,562 0.30

Note:-

- (1) Deemed interested by virtue of its major shareholders' shareholdings in Zenith Aim Sdn Bhd pursuant to Section 8 of the Act. JISB's major shareholders, namely Major Merchants Sdn Bhd and Dato Sri Tew Kim Thin, hold 80% and 20% interest respectively in Zenith Aim Sdn Bhd.

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INFORMATION ON OUR COMPANY (CONT'D)

5. OUR BOARD OF DIRECTORS

5.1 Details of our Directors

The particulars of our Directors as at the LPD are as follows:-

Name*	Age	Profession	Designation	Address
Dato' Sri DiRaja Haji Adnan bin Haji Yaakob	68	State legislative assemblyman	Non-Independent Non-Executive Chairman	No. 13, Lorong Sri Pelindung 58, Jalan Tengku Muhamad, 25050 Kuantan, Pahang Darul Makmur.
Dato' Indera Haji Abdul Rahim bin Mohd Ali	61	Chief Executive Officer of PKNP	Non-Independent Non-Executive Director	A-3598, Lorong Tok Sira 19, Medan Tok Sira, 25050 Kuantan, Pahang Darul Makmur.
Dato' Sri Kamaruddin bin Mohammed	70	Company Director	Non-Independent Non-Executive Director	No. 126, Jalan Delima, Taman Perwira Satu, 53100 Gombak, Selangor Darul Ehsan.
Dato' Sri Tew Kim Thin	60	Company Director and entrepreneur	Non-Independent Non-Executive Director	No. 26, Jalan P8 A/1, Presint 8, 62250 Putrajaya, Wilayah Persekutuan Putrajaya.
Dato' Ir. Noor Azmi bin Jaafar	63	Company Director	Independent Non-Executive Director	No. 18, Jalan Ferum 7/31, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan.
Dato' Majid bin Mohamad	64	Company Director and entrepreneur	Independent Non-Executive Director	Lot 7202, Jalan Intan, Taman Setia Gombak, 53100 Kuala Lumpur.
Sharina Bahrin	53	Company Director and entrepreneur	Independent Non-Executive Director	36 Jalan SS1/20, 47300 Petaling Jaya, Selangor Darul Ehsan.
Teh Sew Hong	51	Company Director and entrepreneur	Independent Non-Executive Director	No. 28, Jalan BRP 5/2, Putra Residence, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor Darul Ehsan.
Tew Liang Tze	32	Company Director and entrepreneur	Alternate Director to Dato' Sri Tew Kim Thin	No. 1, Jalan P8E 2/5, Presint 8, 62250 Putrajaya, Wilayah Persekutuan Putrajaya.

Note:-

* All Directors are Malaysian

INFORMATION ON OUR COMPANY (CONT'D)

5.2 Directors' shareholdings

For the purpose of illustration, assuming all Entitled Shareholders subscribe for their respective entitlements, the proforma effects of the Rights Issue with Warrants on our Directors' shareholdings as at LPD are set out below:-

Directors	As at the LPD				Proforma I				Proforma II				
	Direct		Indirect		After the Rights Issue with Warrants		Indirect		Assuming full exercise of the Warrants		Indirect		
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	
Dato' Sri DIRaja Haji Adnan bin Haji Yaakob	-	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Indera Haji Abdul Rahim bin Mohd Ali	10,000	^	-	-	14,000	^	-	-	18,000	^	-	-	-
Dato' Sri Kamaruddin bin Mohammed	-	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Sri Tew Kim Thin	373,800	0.13	(1)86,919,200	30.39	523,320	0.13	(1)121,686,880	30.39	672,840	0.13	(1)156,454,560	30.39	-
Teh Sew Hong	-	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Ir. Noor Azmi bin Jaafar Sharina bin Bahrin	-	-	-	-	-	-	-	-	-	-	-	-	-
Tew Liang Tze	-	-	(2)80,867,900	28.28	-	-	(2)113,215,060	28.28	-	-	(2)145,562,220	28.28	-

Notes:-

^ Negligible

(1) Deemed interested by virtue of his interest in JISB, Zenith Aim Sdn Bhd and his brother, Tew Kim Kiat's interest in Pasdec pursuant to Section 8 of the Act.

(2) Deemed interested by virtue of his interest in JISB and Zenith Aim Sdn Bhd pursuant to Section 8 of the Act.

INFORMATION ON OUR COMPANY (CONT'D)

6. SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINTLY-CONTROLLED ENTITIES

Our subsidiaries and associate companies as at the LPD are set out below:-

Name	Date / Place of Incorporation	Principal activities	Share capital (RM)	Effective equity interest (%)
<u>Subsidiaries of Pasdec</u>				
Pasdec Corporation Sdn Bhd	08.02.1980 / Malaysia	Property development and project management	100,000,000	100.0
Kuantan Tembeling Resort Sdn Bhd	07.10.1991 / Malaysia	Property management and maintenance	15,000,000	100.0
Pasdec Land Sdn Bhd	26.12.1990 / Malaysia	Property development	7,000,000	100.0
Pasdec Mega Sdn Bhd	21.11.1995 / Malaysia	Property development and renewable energy	2,250,000	100.0
Sumbangan Sakti Sdn Bhd	08.04.1997 / Malaysia	Property development and renewable energy	3,000,000	100.0
Mutiara Pasdec Sdn Bhd	27.11.1996 / Malaysia	Investment holding	60,000,000	100.0
Pasdec Bina Sdn Bhd	11.03.1970 / Malaysia	Building and civil construction	20,000,000	100.0
Pasdec Pintas Sdn Bhd	11.09.1995 / Malaysia	Dormant	19,000,000	70.0
Deep Sea Thermal Solutions Sdn Bhd	09.09.2005 / Malaysia	Dormant	1,428,571	100.0
Kimdec Corporation Sdn Bhd	08.05.1995 / Malaysia	Ceased operations	24,500,000	100.0
GELNAS Sdn Bhd	29.04.2011 / Malaysia	Dormant	1,000,000	100.0
Pasdec Engineering Sdn Bhd	17.11.2009 / Malaysia	Value engineering and consultancy services	100,000	51.0
<u>Subsidiaries of Pasdec Corporation Sdn Bhd</u>				
Pasdec Putra Sdn Bhd	13.02.1973 / Malaysia	Property development	65,150,638	100.0
SBP Power Sdn Bhd	15.09.2016 / Malaysia	Dormant	100	51.0
<u>Subsidiaries of Mutiara Pasdec Sdn Bhd</u>				
Pahang Aircraft Industries Sdn Bhd	28.06.2001 / Malaysia	Dormant	10,000	100.0

INFORMATION ON OUR COMPANY (CONT'D)

Name	Date / Place of Incorporation	Principal activities	Share capital (RM)	Effective equity interest (%)
Pasdec Trading Sdn Bhd	20.06.2007 / Malaysia	Ceased Operations	3,000,000	100.0
Pahang Off-Shore Sdn Bhd	09.06.1983 / Malaysia	Investment holding	54,000,000	100.0
<u>Subsidiary of Pahang Off-Shore Sdn Bhd</u>				
Pasdec Resources SA Ltd	07.10.1987 / South Africa	Investment holding	ZAR 243,921,061	97.0
<u>Subsidiaries of Pasdec Resources SA Ltd</u>				
Femcotec Finance (Pty) Ltd	08.10.1987 / South Africa	Dormant	ZAR2 (under deregistration)	100.0
Pasdec Automotive Technologies (Pty) Ltd	04.12.1987 / South Africa	Manufacturing and supply of automotive wiring harnesses	ZAR54,549,613	70.0
<u>Subsidiaries of Pasdec Automotive Technologies (Pty) Ltd</u>				
Pasdec Automotive Technologies (Botswana) (Pty) Ltd	19.12.2014 / Botswana	Manufacturing and supply of automotive wiring harnesses	BWP100	100
<u>Associates held by Pasdec</u>				
Pasdec Technology Centre & Services Sdn Bhd	15.11.2011 / Malaysia	Dormant	2	50.0
<u>Associates held by Pasdec Corporation Sdn Bhd</u>				
Pahang Specialist Hospital Sdn Bhd	04.11.2009 / Malaysia	Specialist medical services	12,522,500	30.0
Prima Prai Sdn Bhd	04.10.1993 / Malaysia	Property development	Ordinary - 5,000,00 Preference-1	20.0
Pasdec Cempaka Sdn Bhd	23.11.2004 / Malaysia	Dormant	25,000	40.0
<u>Associate held by Pasdec Automotive Technologies (Pty) Ltd</u>				
CRH Africa Automotive (Pty) Ltd	09.03.2007/ South Africa	Manufacturing of automobile seat components and catalytic converters	ZAR115,875,200	30.9

We have no jointly controlled entities as at the LPD.

INFORMATION ON OUR COMPANY (CONT'D)

7. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements from the FYE 31 December 2015 to FYE 31 December 2017 are as follows:-

	Audited FYE 31 December		
	2015 (RM'000)	2016 (RM'000)	2017 (RM'000)
Revenue	156,653	117,380	115,447
Cost of sales	(124,550)	(86,050)	(67,563)
Gross profit	32,103	31,330	47,884
Interest income	594	624	867
Other income	2,438	4,243	5,558
Administrative expenses	(19,265)	(19,372)	(19,838)
Other expenses	(34,435)	(32,485)	(18,975)
Finance costs	(6,020)	(6,845)	(13,135)
Share of losses / profits of associates	(154)	1,973	(913)
(LBT)/PBT from continuing operations	(24,740)	(20,532)	1,448
Income tax expense	(2,978)	(6,792)	1,690
(LAT)/PAT from continuing operations	(27,718)	(27,324)	3,138
Profit from discontinued operations	-	-	27
(LAT)/PAT	(27,718)	(27,324)	3,165
(Loss)/Profit attributable to:			
Owners of the parent	(24,737)	(26,041)	4,676
Non-controlling interests	(2,981)	(1,283)	(1,510)
Earnings before interest, tax, depreciation and amortisation	(18,770)	(13,981)	17,175
Profit margin			
Gross profit margin (%)	20.5%	25.5%	41.5%
PBT margin (%)	(15.8%)	(14.0%)	1.3%
PAT margin (%)	(17.7%)	(19.6%)	2.7%
Weighted average number of shares (units '000)	205,978	205,978	251,129
(LPS)/EPS (sen)			
Basic	(12.01)	(12.04)	1.86
Diluted	-	-	-
Gross dividend per Share (sen)	-	-	-

INFORMATION ON OUR COMPANY (CONT'D)

Commentary on financial performance**FYE 31 December 2015**

For the FYE 31 December 2015, our Group recorded revenue of RM156.65 million, representing a decrease of approximately RM53.91 million or 25.6% as compared to the FYE 31 December 2014 of RM210.6 million. The revenue recorded for year 2015 was largely derived from our property, manufacturing and construction division which contributed 52%, 32% and 12% respectively to the total revenue of our Group.

Our property division posted revenue of RM82.19 million, representing a decrease of RM30.86 million or 27.3% as compared to FYE 31 December 2014 of RM113.05 million. The decline in revenue was mainly due to lower progress billings for FYE 31 December 2015 arising from the completion of our development projects in Kuantan such as Pasdec Pesona on 29 June 2015 and Bandar Damansara Phase 1 (Package 3) on 26 June 2015.

Our manufacturing division recorded revenue of RM50.18 million, representing a decrease of RM7.22 million or 12.6% as compared to the FYE 31 December 2014 of RM57.40 million. The lower revenue recorded for the FYE 31 December 2015 was mainly due to decrease in demand from Nissan South Africa for our wiring harnesses as the overall automotive market sentiment in South Africa was weak.

Our construction division recorded revenue of RM19.06 million, representing a decrease of RM15.86 million or 45.4% as compared to the FYE 31 December 2014 of RM34.92 million. The decrease in revenue was a result from the completion of a 9 storey specialist hospital in Kuantan in fourth quarter of 2015.

In addition to the above, our Group recorded a LBT of RM24.74 million for the FYE 31 December 2015 as compared to a PBT of RM9.77 million for the FYE 31 December 2014. The losses incurred for the FYE 31 December 2015 was due to the following factors:-

- i) Losses of RM13.24 million recorded from our manufacturing division, mainly due to costs associated with the relocation project from Brits, South Africa to Lobatse, Botswana;
- ii) Losses of RM8.05 million recorded from our construction division, mainly due to escalating cost for building materials and delay in certain projects undertaken by our Group, which resulted in additional outlay of liquidated ascertained damages; and
- iii) Losses of RM3.45 million mainly arising from provision for LAD for on-going projects, provision for impairment on trade debtors and other overhead cost.

FYE 31 December 2016

For the FYE 31 December 2016, our Group recorded revenue of RM117.38 million, a reduction of RM39.27 million or 25.1% as compared to the FYE 31 December 2015 of RM156.65 million. The property development division continued to be the major contributor to our Group's revenue at 55%, followed by manufacturing division at 40% and construction division at 1.67%.

Our property development division recorded revenue of RM64.88 million, representing a decrease of 21.1% as compared to FYE 31 December 2015 of RM82.2 million. The decline in revenue was mainly due to overall weak sentiment in the property market, affected by bank's tightening policies on housing loans and credit crunch implementation which resulted in our Group experiencing an increase in cancellation of property sales due to rejection of loan applications.

INFORMATION ON OUR COMPANY (CONT'D)

Our manufacturing division posted revenue of RM46.81 million, a reduction of RM3.39 million or 6.8% as compared to the FYE 31 December 2015 of RM50.2 million. The declining performance of our manufacturing division was the driving factor for our Group deciding to relocate our manufacturing operations from Brits, South Africa to Lobatse, Botswana as the environment in Botswana enables our Group to operate at lower cost and be more competitive in pricing.

Our construction division recorded revenue of RM1.96 million, representing a decrease of RM17.1 million or 89.7% as compared to the FYE 31 December 2015 of RM19.06 million. The decline in revenue was in line with the change of our Group's strategy to focus on in-house construction projects via our construction arm, Pasdec Bina Sdn Bhd.

Our Group recorded lower LBT of RM20.53 million as compared to RM24.74 million in the previous year. The loss incurred for the FYE 31 December 2016 was mainly attributable to additional wages and overhead costs associated with the delay in completion of the relocation exercise from Brits, South Africa to Lobatse, Botswana.

FYE 31 December 2017

For the FYE 31 December 2017, our Group recorded revenue of RM115.45 million, representing a decrease of approximately RM1.93 million or 1.6% as compared to the FYE 31 December 2016 of RM117.38 million. The manufacturing division became the major contributor to our Group's revenue at 50.98%, followed by property development division at 44.25% and others at 2.4%.

Our manufacturing division posted revenue of RM58.85 million, an increase of RM12.04 million or 25.7% as compared to the FYE 31 December 2016 of RM46.81 million. The increase in revenue generated for the FYE 31 December 2017 was mainly attributable to strong demand for automotive products from Nissan, Renault and Volkswagen in South Africa as our Group benefited from the relocation of our manufacturing operations to Lobatse, Botswana.

Our property development division recorded revenue of RM51.08 million, representing a decrease of RM13.8 million or 21.3% as compared to FYE 31 December 2016 of RM64.88 million. The decline in revenue coincided with limited launching of new property development projects by our Group, driven mainly by overall weak sentiment in the property market.

Our Group recorded a PBT of RM1.45 million for the FYE 31 December 2017 as compared to a LBT of RM20.53 million for the FYE 31 December 2016. The PBT recorded for the FYE 31 December 2017 was attributable to the recovery of impairment losses on financial assets and cost-savings from the closure of our manufacturing facility in Brits, South Africa which led to the elimination of duplicated costs i.e. wages and salaries, rental expenses and overhead.

INFORMATION ON OUR COMPANY (CONT'D)
8. HISTORICAL PRICES

The monthly highest and lowest closing market prices of Pasdec Shares as traded on Bursa Securities for the past twelve (12) months from May 2017 to April 2018 are set out below:-

	High RM	Low RM
2017		
May	0.62	0.58
June	0.695	0.555
July	0.63	0.595
August	0.61	0.585
September	0.65	0.595
October	0.69	0.61
November	0.655	0.605
December	0.615	0.57
2018		
January	0.66	0.57
February	0.60	0.55
March	0.60	0.40
April	0.49	0.39

Last transacted price of Pasdec Shares on 18 October 2016
(being the date prior to the announcement of the Acquisition and Rights
Issue with Warrants) 0.51

Last transacted price of Pasdec Shares on the LPD 0.455

Last transacted price of Pasdec Shares on 8 May 2018
(being the date prior to the ex-date for the Rights Issue with Warrants) 0.42

(Source: Bloomberg)

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PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON

Hanafiah Raslan & Mohamad

AF: 0002

Chartered Accountants
GST Reg No: 000508764160
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REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION INCLUDED IN THE ABRIDGED PROSPECTUS

(Prepared for inclusion in the Abridged Prospectus to be dated 16 May 2018)

Date: 2 May 2018

The Board of Directors
Pasdec Holdings Berhad
Tingkat 14, Menara Teruntum
Jalan Mahkota
25000 Kuantan
Pahang Darul Makmur

Dear Sirs

PASDEC HOLDINGS BERHAD ("PASDEC" OR "THE COMPANY") AND ITS SUBSIDIARIES (COLLECTIVELY KNOWN AS "THE GROUP")

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN RELATION TO THE:

RENOUNCEABLE RIGHTS ISSUE OF 114,391,200 NEW ORDINARY SHARES IN PASDEC ("RIGHTS SHARE(S)") ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING ORDINARY SHARES IN PASDEC ("PASDEC SHARE(S)") HELD AS AT 5.00 P.M ON WEDNESDAY, 16 MAY 2018, TOGETHER WITH 114,391,200 FREE DETACHABLE WARRANTS ("WARRANT(S)"), ON THE BASIS OF ONE (1) WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED, AT AN ISSUE PRICE OF RM0.35 ("RIGHTS ISSUE WITH WARRANTS")

We have completed our assurance engagement to report on the compilation of pro forma consolidated statement of financial position of Pasdec Holdings Berhad (the "Company") as at 31 December 2017 prepared by the Directors ("Pro Forma Consolidated Statement of Financial Position"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statement of Financial Position are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and described in Note 1 of the Appendix.

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Hanafiah Raslan & Mohamad

AF: 0002

The Pro Forma Consolidated Statement of Financial Position has been compiled by the Directors to illustrate the impact of the event or transaction set out in Note 2 on the Company's financial position as at 31 December 2017 as if the events or transactions had taken place at 31 December 2017. As part of this process, information about the consolidated statement of financial position has been extracted by the Directors from the relevant financial statements for the year ended 31 December 2017, on which audit reports have been published.

The Directors' Responsibility for the Pro Forma Consolidated Statement of Financial Position

The Directors are responsible for compiling the Pro Forma Consolidated Statement of Financial Position on the basis of the applicable criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to express an opinion, as required by the Securities Commission Malaysia, about whether the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statement of Financial Position on the basis of the applicable criteria.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statement of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statement of Financial Position.

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Hanafiah Raslan & Mohamad

AF: 0002

Our Responsibilities (cont'd.)

The purpose of Pro Forma Consolidated Statement of Financial Position included in a Abridged Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of Pro Forma Consolidated Statement of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statement of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Consolidated Statement of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statement of Financial Position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, on the basis of the applicable criteria.

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

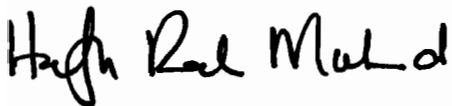
Hanafiah Raslan & Mohamad

AF: 0002

Other matters

This letter is issued for the sole purpose of complying with the the Prospectus Guidelines in connection with the Rights Issue with Warrants. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Rights Issue with Warrants described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Rights Issue with Warrants.

Yours faithfully



Hanafiah Raslan & Mohamad
AF: 0002
Chartered Accountants



Sandra Segaran a/I Muniandy@Krishnan
02882/01/2019 J
Chartered Accountant

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

APPENDIX

PASDEC HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA)

Pro Forma Consolidated Statement of Financial Position as at 31 December 2017

Pasdec Holdings Berhad Group :	Audited 31.12.2017 RM	Pro Forma Adjustment RM	Pro Forma RM
ASSETS			
Non-current assets			
Property, plant and equipment	43,374,087	-	43,374,087
Land held for property development	142,938,334	-	142,938,334
Investment properties	58,914,585	-	58,914,585
Investments in associates	20,151,325	-	20,151,325
Marketable securities	458,692	-	458,692
Deferred tax assets	5,703,259	-	5,703,259
	<u>271,540,282</u>		<u>271,540,282</u>
Current assets			
Property development costs	120,829,076	-	120,829,076
Inventories	97,223,953	-	97,223,953
Trade and other receivables	48,884,610	-	48,884,610
Other current assets	15,148,557	-	15,148,557
Cash and bank balances	17,514,244	38,936,920	56,451,164
Tax recoverable	1,841,613	-	1,841,613
Assets of disposal group classified as held for sale	29,874	-	29,874
	<u>301,471,927</u>		<u>340,408,847</u>
Total assets	<u>573,012,209</u>		<u>611,949,129</u>
Equity and liabilities			
Current liabilities			
Retirement benefit obligations	901,359	-	901,359
Loans and borrowings	108,879,399	-	108,879,399
Trade and other payables	112,453,049	-	112,453,049
Liabilities of disposal group classified as held for sale	31,650	-	31,650
	<u>222,265,457</u>		<u>222,265,457</u>
Net current assets	79,206,470		118,143,390

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

APPENDIX

PASDEC HOLDINGS BERHAD

(INCORPORATED IN MALAYSIA)

Pro Forma Consolidated Statement of Financial Position as at 31 December 2017 (cont'd.)

Pasdec Holdings Berhad Group (cont'd.) :	Audited 31.12.2017 RM	Pro Forma Adjustment RM	Pro Forma II RM
Non-current liabilities			
Retirement benefit obligations	3,607,918	-	3,607,918
Loans and borrowings	17,917,449	-	17,917,449
Other payables	6,917,364	-	6,917,364
	<u>28,442,731</u>		<u>28,442,731</u>
Total liabilities	<u>250,708,188</u>		<u>250,708,188</u>
Net assets	<u>322,304,021</u>		<u>361,240,941</u>
Equity attributable to owners of the parent			
Share capital	293,375,997	33,427,360	326,803,357
Share premium	-	-	-
Warrant reserve	-	5,719,560	5,719,560
Other reserves	(25,532,791)	-	(25,532,791)
Retained earnings	56,299,387	(210,000)	56,089,387
	<u>324,142,593</u>		<u>363,079,513</u>
Non-controlling interests	(1,838,572)	-	(1,838,572)
Total equity	<u>322,304,021</u>		<u>361,240,941</u>
Total equity and liabilities	<u>573,012,209</u>		<u>611,949,129</u>
Number of ordinary shares in issue	285,978,000		400,369,200
Net assets (excluding non-controlling interests) per ordinary share (RM)	1.13		0.91

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

**PASDEC HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)**

APPENDIX

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. Basis of preparation

The Pro Forma Consolidated Statement of Financial Position of Pasdec Holdings Berhad ("Pasdec" or "the Company") as at 31 December 2017, for which the Board of Directors of Pasdec is solely responsible, has been prepared for illustration purposes only, to show the effect of the Proposed renounceable rights issue of 114,391,200 new Pasdec Shares ("Rights Share(s)") on the basis of two (2) Rights Shares for every five (5) existing Pasdec Shares held as at 5.00 P.M on Tuesday, 15 May 2018, together with 114,391,200 free detachable warrants ("Warrant(s)"), on the basis of one (1) Warrant for every one (1) Rights Share subscribed, at the issue price of RM0.35 ("Rights Issue with Warrants") as if this transaction was completed as at 31 December 2017.

The Pro Forma Consolidated Statement of Financial Position has been prepared in a manner consistent with both the format of the audited financial statements and the accounting policies of Pasdec for the financial year ended 31 December 2017. The audited financial statements of which the Pro Forma has based upon were prepared in accordance with Financial Reporting Standards in Malaysia. Such financial information does not purport to predict the future financial position of Pasdec and its subsidiaries.

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PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

**PASDEC HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)**

APPENDIX

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D.)

2. Proposed Rights Issue with Warrants

The Pro Forma Consolidated Statement of Financial Position of Pasdec incorporates the effects of the issuance of 114,391,200 new Pasdec Shares ("Rights Share(s)") on the basis of two (2) Rights Shares for every five (5) Pasdec Shares held, together with 114,391,200 free detachable warrants ("Warrant(s)"), on the basis of one (1) Warrant for every one (1) Rights Share subscribed, at the issue price of RM0.35 as follows:

Estimated Fair value of Rights Shares and Estimated Fair Value of Warrants

The theoretical ex-rights price ("TERP") of the Pasdec Share is estimated to be RM0.42, calculated based on the 5 day Volume Weighted Average Price ("VWAP") of Pasdec Shares up to and including 17 April 2018, being the latest practicable date ("LPD") of RM0.4485.

The indicative issue price of RM0.35 for each Rights Share and Warrant will be allocated to the Share Capital (Rights Issue) and Warrant reserve (Warrant) on a relative fair value basis of the Rights Share and the Warrant as follows:

Allocation

	RM
Rights Share	0.30
Warrant	0.05 *
Indicative Issue Price of 1 Rights Share and 1 Warrant	<u>0.35</u>

The Proposed Rights Issue with Warrants above will give rise to the warrant reserve amounting to RM5,719,560 and an increase in share capital amounting to RM34,317,360.

* being relative fair value of the Warrant based on the indicative issue price of RM0.35

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

**PASDEC HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)**

APPENDIX

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D.)

2. Proposed Rights Issue with Warrants

Estimated expenses in relation to the Rights Issue with Warrants

The total estimated expenses in relation to the Rights Issue with Warrants is approximately RM1,100,000 of which RM890,000 will be nett off against the share capital as it is in relation to the issuance of Rights Shares. Other expenses amounting to RM210,000 will be charged to profit or loss.

Utilisation of proceeds

The management intends to utilise the estimated proceeds of RM40,036,920 from the Rights Issue with Warrants as follows:

	RM
Land premium	7,436,310
Property development expenditure	18,000,000
Working capital purposes	13,500,610
Partial estimated expenses in relation to the Proposed Rights Issue with Warrants	1,100,000
	<u>40,036,920</u>

Total proceeds amounting to RM114,391,200 will be received should the total warrants of 114,391,200 be fully exercised by the warrant holders at an indicative exercise price of RM1.00 each in future. RM5,719,560 will be adjusted against the warrant reserve while there will be an increase on the share capital to capture the total proceeds.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON**

**PASDEC HOLDINGS BERHAD
(367122 - D)
(Incorporated in Malaysia)**

**Directors' Report and Audited Financial
Statements
31 December 2017**



SANDRA SEGARAN
Partner

**CERTIFIED TRUE COPY
HANAFIAH RASLAN & MOHAMAD**

Hanafiah Raslan & Mohamad (AF: 002)
Chartered Accountants

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

Directors' report

The directors of Pasdec Holdings Berhad have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

Principal activities

The principal activities of the Company are those of investment holding and provision of management services to the subsidiaries.

The principal activities of the subsidiaries are described in Note 18 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM	Company RM
Profit/(loss) net of tax	<u>3,165,404</u>	<u>(5,246,926)</u>
Profit/(loss) attributable to:		
Owners of the parent	4,675,758	(5,246,926)
Non-controlling interests	<u>(1,510,354)</u>	<u>-</u>
	<u>3,165,404</u>	<u>(5,246,926)</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

No dividend has been declared or paid since the end of the previous financial year. The directors do not recommend the payment of any dividend for the current financial year.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

YAB Dato' Sri DiRaja Haji Adnan bin Haji Yaakob	
YH Dato' Indera Haji Abdul Rahim bin Mohd Ali *	
YH Dato' Ir Noor Azmi bin Jaafar *	
YH Dato' Sri Tew Kim Thin	(Appointed on 10 October 2017)
YH Dato' Sri Kamaruddin bin Mohammed	(Appointed on 10 October 2017)
Ms. Sharina Bahrin *	(Appointed on 10 October 2017)
Ms. Teh Sew Hong	(Appointed on 12 December 2017)
YH Dato' Majid bin Mohamad	(Appointed on 2 January 2018)
YH Dato' Mohd Khairuddin bin Haji Abdul Manan *	(Ceased on 1 May 2017)
YH Dato' Abdul Ghani bin L. Sulaiman *	(Resigned on 30 August 2017)
YH Dato' Abdullah @ Mohamad Nor bin Ali	(Resigned on 30 August 2017)
YH Dato' Abdullah bin A. Rasol *	(Resigned on 30 August 2017)
YH Dato' Dr. Hamdan bin Jaafar	(Resigned on 30 August 2017)
YH Dato' Sri Khalid bin Mohamad Jiwa	(Resigned on 30 August 2017)
Mr. Tew Liang Tze	(Appointed on 10 October 2017 and resigned on 30 November 2017, appointed as Alternate Director to YH Dato' Sri Tew Kim Thin on 30 November 2017)

* These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including the directors listed above) are:

YH Dato' Zuber bin Haji Shamsuri
 YH Dato' Tok Teng Sai
 Mr. Goh Song Han
 Tuan Haji Anwar bin MatNor
 Mr. Ahmad Rosdi bin Ismail
 Mr. Ir. Dr. Zulkiple bin A. Bakar
 Mr. Zulkarnain bin Hashim
 Ms. Suzy Suzanna Machtub
 YH Dato' Ahmad Zahar bin Mohd Zaman
 YH Dato' Poovendhran Kevin Pather
 Mr. Gabriel Mokgoko
 Mr. Piyush Sharma

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

Directors' benefits (cont'd.)

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The directors' benefits are as follows:

	Group RM	Company RM
Executive:		
Fees - current	6,667	6,667
Salaries and other emoluments	1,757,197	152,348
Non-executive:		
Fees - current	149,137	149,137
Other emoluments	464,410	463,160
	<u>2,377,411</u>	<u>771,312</u>

At the date of this report, no indemnity was given to or insurance effected for any directors and officers of the Company.

Directors' interest

According to the register of directors' shareholdings, the interests of a director in office at the end of the financial year in shares in the Company during the financial year were as follows:

	1 January 2017/ Date of appointment	Number of ordinary shares		31 December 2017
		Acquired	Sold	
Direct interest:				
Ordinary shares of the Company:				
YH Dato' Sri Tew Kim Thin	373,800	-	-	373,800
YH Dato' Indera Haji Abdul Rahim bin Mohd Ali	10,000	-	-	10,000

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

Directors' interest (cont'd.)

According to the register of directors' shareholdings, the interests of a director in office at the end of the financial year in shares in the Company during the financial year were as follows (cont'd.):

	Number of ordinary shares			31 December 2017
	1 January 2017/ Date of appointment	Acquired	Sold	
Indirect interest: ¹				
Ordinary shares of the Company:				
YH Dato' Sri Tew Kim Thin	83,367,900	2,646,300	-	86,014,200
Mr. Tew Liang Tze	80,867,900	-	-	80,867,900

¹ Deemed interest pursuant to Section 8 of the Companies Act 2016

Dato' Sri Tew Kim Thin and Mr. Tew Liang Tze, by virtue of their interest in shares in the Company are also deemed interested in shares in all the Company's subsidiaries to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM205,978,000 to RM250,368,000 by way of issuance of 80,000,000 ordinary shares ("Consideration Share(s)") as purchase consideration for the acquisition of properties during the financial year. The Directors estimated the fair value of the properties to be RM44,390,000 based on the valuation carried out by an independent valuer which form the fair value of the Consideration Shares.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Holding company

The holding corporation of the Company is Perbadanan Kemajuan Negeri Pahang, a statutory body incorporated in Malaysia under the Pahang State Enactment No. 12, 1965.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****Other statutory information**

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading, other than as disclosed in subsequent events below.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made, other than as disclosed in subsequent events below.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

Significant and subsequent events

Details of the significant and subsequent events are disclosed in Note 41 to the financial statements.

Auditors

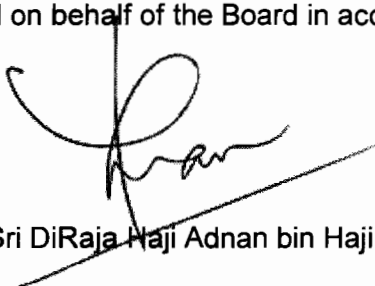
The auditors, Hanafiah Raslan & Mohamad, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

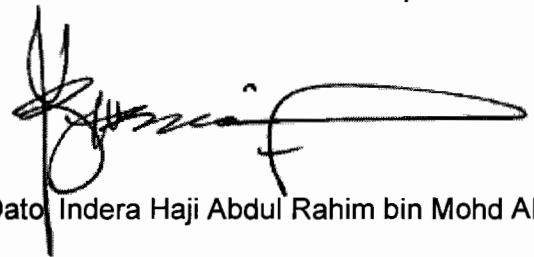
	Group RM	Company RM
Hanafiah Raslan & Mohamad	246,000	33,000
Other auditors	390,432	-
	<u>636,432</u>	<u>33,000</u>

To the extent permitted by law, the Group and the Company have agreed to indemnify their auditors, Hanafiah Raslan & Mohamad, as part of the terms of their audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Hanafiah Raslan & Mohamad during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 April 2018.



Dato' Sri DiRaja Haji Adnan bin Haji Yaakob



Dato' Indera Haji Abdul Rahim bin Mohd Ali

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

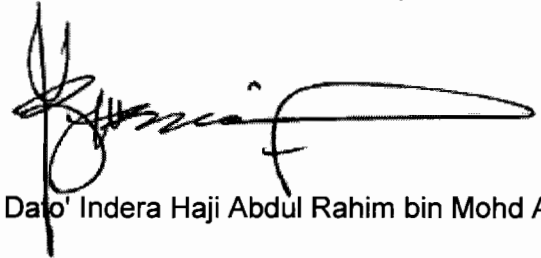
**Statement by directors
Pursuant to Section 251(2) of the Companies Act 2016**

We, Dato' Sri DiRaja Haji Adnan bin Haji Yaakob and Dato' Indera Haji Abdul Rahim bin Mohd Ali, being two of the directors of Pasdec Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 16 to 125 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 April 2018.



Dato' Sri DiRaja Haji Adnan bin Haji Yaakob

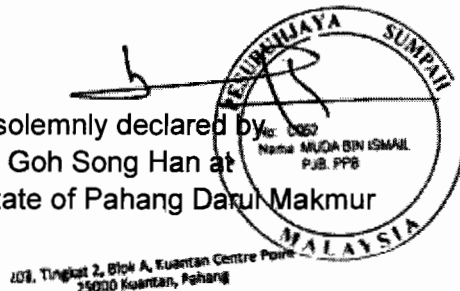


Dato' Indera Haji Abdul Rahim bin Mohd Ali

**Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016**

I, Goh Song Han, being the officer primarily responsible for the financial management of Pasdec Holdings Berhad, do solemnly and sincerely declare that, the accompanying financial statements set out on pages 16 to 125 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
the abovenamed Goh Song Han at
Kuantan in the state of Pahang Darul Makmur
on 30 April 2018



Goh Song Han
(MIA No.: CA6372)

Before me,

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**Hanafiah Raslan & Mohamad**

AF: 0002

Chartered Accountants
(GST Reg No: 000508764150)
Unit 10 D-J, Level 10, Menara Zenith
Jalan Putra Square 6
25200 Kuantan
Pahang Darul Makmur, Malaysia

Phone (09) 515-7500
Fax (09) 515-7600
www.ey.com/my

367122-D**Independent auditors' report to the members of
Pasdec Holdings Berhad
(Incorporated in Malaysia)****Report on the audit of the financial statements***Opinion*

We have audited the financial statements of Pasdec Holdings Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 125.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Hanafiah Raslan & Mohamad

AF: 0002

367122-D

Independent auditors' report to the members of
Pasdec Holdings Berhad (cont'd.)
(Incorporated in Malaysia)

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**Hanafiah Raslan & Mohamad**

AF: 0002

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Independent auditors' report to the members of
Pasdec Holdings Berhad (cont'd.)
(Incorporated in Malaysia)

Key audit matters (cont'd.)

Project revenue recognition for property development and construction activities

(We draw your attention to summary of significant accounting policies in Note 2.12, Note 2.13, Note 2.22 (a) and Note 2.22 (b), significant accounting judgements and estimates in Note 3.1 (a) and 3.2(c) and the disclosure of land held for property development and property development costs in Note 16 and gross amounts due from customers in Note 23 to the financial statements)

A significant proportion of the Group's revenues and profits are derived from property development and construction contracts which span more than one accounting period. For the financial year ended 31 December 2017, property development and construction revenue of RM48,674,995 and cost of sales of RM18,173,094 respectively accounted for approximately 42% and 27% of the Group's revenue and cost of sales respectively. The Group uses the percentage-of-completion method in accounting for these property development and construction contracts.

We identified that the total budgeted revenue and cost for property development and construction activities are significant to the financial statements as they are based on the quantitative materiality and the degree of management's estimation required in applying the percentage of completion method. The computation of percentage of completion method is dependent on the management's assumptions in determining the budgeted sales and costs of the project. A change in assumptions may lead to significant modification to computation of percentage of completion and project revenue and cost recognised in profit or loss for the year.

How our audit addressed the key audit matter

We performed the following audit procedures, amongst others:

- (a) We obtained the approved budgeted revenue and cost for property development and construction activities and ensured the budget is well approved and acknowledged by the Board.
- (b) We evaluated the internal controls process over the preparation of the budget, including controls performed by management in estimating and assumptions used in the total property development cost, profit margin and percentage-of-completion of the property development and construction activities.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Hanafiah Raslan & Mohamad

AF: 0002

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**Independent auditors' report to the members of
Pasdec Holdings Berhad (cont'd.)
(Incorporated in Malaysia)**

Key audit matters (cont'd.)

Project revenue recognition for property development and construction activities (cont'd.)

- (c) (c) We performed recalculation of management's budget, compared budget versus actual for both revenue and cost and agreed the budgeted costs by examining documentary evidence such as letters of award issued to contractors to support the total budgeted costs, sub-contractor correspondence or signed contract of total property development and construction cost.
- (d) We recomputed the percentage of completion and the project revenue and cost recognised in profit or loss.
- (e) We examined any loss making projects to determine the level of provisioning required and also assessed the actual profit or loss achieved on projects that completed in the year compared to the forecast position in the prior year. These procedures also include challenging the appropriateness of management's assumptions and management estimates in relation to revenue recognition and the valuation of amounts due from and due to customers.

Information other than the financial statements and auditors' report thereon

Management of the Company is responsible for the other information. The other information comprises the Director's Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the 2017 Annual Report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Hanafiah Raslan & Mohamad

AF: 9902

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Independent auditors' report to the members of
Pasdec Holdings Berhad (cont'd.)
(Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon (cont'd.)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and those charged with governance for the financial statements

Management of the Company is responsible for the preparation and fair presentation of the financial statements of the Group and of the Company in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, and for such internal control as the management determines is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Hanafiah Raslan & Mohamad

AF: 0002

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**Independent auditors' report to the members of
Pasdec Holdings Berhad (cont'd.)
(Incorporated in Malaysia)**

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the managements' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Hanafiah Raslan & Mohamad

AF: 0902

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Independent auditors' report to the members of
Pasdec Holdings Berhad (cont'd.)
(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Hanafiah Raslan & Mohamad

AF: 0002

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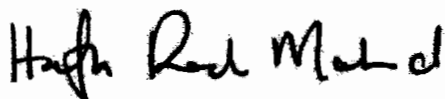
Independent auditors' report to the members of
Pasdec Holdings Berhad (cont'd.)
(Incorporated in Malaysia)

Report on other legal and regulatory requirements

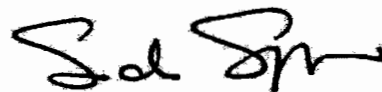
In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 18 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Hanafiah Raslan & Mohamad
AF: 0002
Chartered Accountants



Sandra Segaran a/l Muniandy@Krishnan
02882/01/2019 J
Chartered Accountant

Kuantan, Pahang Darul Makmur, Malaysia
30 April 2018

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

**Statements of comprehensive income
For the financial year ended 31 December 2017**

	Note	Group		Company	
		2017 RM	2016 RM Restated	2017 RM	2016 RM
Revenue	4	115,446,886	117,379,878	2,671,290	18,389,675
Cost of sales	5	(67,563,328)	(86,049,812)	-	-
Gross profit		<u>47,883,558</u>	<u>31,330,066</u>	<u>2,671,290</u>	<u>18,389,675</u>
Other items of income:					
Interest income	6	866,922	623,824	2,360,709	1,070,013
Other income	7	5,557,575	4,243,481	556,763	-
Other items of expense:					
Administrative expenses		(19,837,171)	(19,371,686)	(4,375,286)	(5,576,284)
Other expenses		(18,975,494)	(32,484,908)	(4,514,134)	(14,956,649)
Finance costs	8	(13,134,794)	(6,845,319)	(1,946,268)	(837,400)
Share of (loss)/profit of associates		<u>(913,080)</u>	<u>1,973,005</u>	<u>-</u>	<u>-</u>
Profit/(loss) before tax from continuing operations	9	<u>1,447,516</u>	<u>(20,531,537)</u>	<u>(5,246,926)</u>	<u>(1,910,645)</u>
Income tax benefit/(expense)	12	1,690,943	(6,792,457)	-	-
Profit/(loss) from continuing operations, net of tax		<u>3,138,459</u>	<u>(27,323,994)</u>	<u>(5,246,926)</u>	<u>(1,910,645)</u>
Profit from discontinued operations, net of tax	13	26,945	-	-	-
Profit/(loss) net of tax		<u>3,165,404</u>	<u>(27,323,994)</u>	<u>(5,246,926)</u>	<u>(1,910,645)</u>
Profit/(loss) attributable to:					
Owners of the parent		4,675,758	(26,041,377)	(5,246,926)	(1,910,645)
Non-controlling interests		(1,510,354)	(1,282,617)	-	-
		<u>3,165,404</u>	<u>(27,323,994)</u>	<u>(5,246,926)</u>	<u>(1,910,645)</u>
Profit/(loss) per share attributable to equity holders of the Company (sen):					
Basic profit/(loss) per share	14	<u>1.86</u>	<u>(12.64)</u>		

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

**Statements of comprehensive income (cont'd.)
For the financial year ended 31 December 2017**

	Note	Group		Company	
		2017	2016	2017	2016
		RM	RM	RM	RM
			Restated		
Other comprehensive (loss)/income					
<i><u>Items that will not be reclassified</u></i>					
<i><u>subsequently to profit or loss:</u></i>					
Share of capital reserve - acquisition of operation and Employee Stock Options Scheme of an associate	31	-	(2,541,273)	-	-
Remeasurement gain/(loss) on defined benefit plan	26	213,074	1,175,280	(204,145)	3,200,096
<i><u>Items that will be reclassified</u></i>					
<i><u>subsequently to profit or loss:</u></i>					
Net loss on available-for-sale financial assets:					
Loss on fair value changes	31	(6,947)	(20,342)	-	-
Foreign currency translation	31	877,063	(3,171,524)	-	-
Net other comprehensive income/ (loss) representing total comprehensive income/(loss) for the year, net of tax		<u>1,083,190</u>	<u>(4,557,859)</u>	<u>(204,145)</u>	<u>3,200,096</u>
Total comprehensive income/ (loss) for the year		<u>4,248,594</u>	<u>(31,881,853)</u>	<u>(5,451,071)</u>	<u>1,289,451</u>
Total comprehensive income/ (loss) attributable to:					
Owners of the parent		5,880,548	(30,545,308)	(5,451,071)	1,289,451
Non-controlling interests		(1,631,954)	(1,336,545)	-	-
		<u>4,248,594</u>	<u>(31,881,853)</u>	<u>(5,451,071)</u>	<u>1,289,451</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

		Note	Group		Company	
			2017 RM	2016 RM Restated	2017 RM	2016 RM
Assets						
Non-current assets						
Property, plant and equipment	15	43,374,087	21,927,105	8,027,394	986,303	
Land held for property development	16(a)	142,938,334	133,611,510	-	-	
Investment properties	17	58,914,585	22,747,159	36,671,501	-	
Investments in subsidiaries	18	-	-	149,214,930	149,214,930	
Investments in associates	19	20,151,325	19,518,692	-	-	
Marketable securities	24	458,692	465,640	-	-	
Deferred tax assets	32	5,703,259	-	-	-	
		<u>271,540,282</u>	<u>198,270,106</u>	<u>193,913,825</u>	<u>150,201,233</u>	
Current assets						
Property development costs	16(b)	120,829,076	139,925,052	-	-	
Inventories	20	97,223,953	72,735,889	-	-	
Trade and other receivables	21	48,884,610	40,160,105	146,060,551	147,156,265	
Other current assets	22	15,148,557	13,756,513	112,528	131,673	
Cash and bank balances	25	17,514,244	28,276,025	677,666	279,602	
Tax recoverable		1,841,613	3,747,406	366,802	366,802	
		<u>301,442,053</u>	<u>298,600,990</u>	<u>147,217,547</u>	<u>147,934,342</u>	
Assets of disposal group classified as held for sale	13	29,874	-	-	-	
		<u>301,471,927</u>	<u>298,600,990</u>	<u>147,217,547</u>	<u>147,934,342</u>	
Total assets		<u>573,012,209</u>	<u>496,871,096</u>	<u>341,131,372</u>	<u>298,135,575</u>	

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Pasdec Holdings Berhad (Incorporated in Malaysia)		Statements of financial position (cont'd.) As at 31 December 2017			
	Note	Group 2017 RM	2016 RM Restated	Company 2017 RM	2016 RM
Equity and liabilities					
Current liabilities					
Retirement benefit obligations	26	901,359	916,388	380,415	406,695
Loans and borrowings	27	108,879,399	54,217,393	20,164,852	159,647
Trade and other payables	29	112,453,049	87,793,638	9,533,740	5,622,996
Tax payable		-	23,766	-	-
		222,233,807	142,951,185	30,079,007	6,189,338
Liabilities of disposal group classified as sale	13	31,650	-	-	-
		222,265,457	142,951,185	30,079,007	6,189,338
Net current assets		79,206,470	155,649,805	117,138,540	141,745,004
Non-current liabilities					
Retirement benefit obligations	26	3,607,918	3,618,572	2,046,048	1,713,987
Loans and borrowings	27	17,917,449	67,320,260	250,900	20,415,762
Other payables	29	6,917,364	9,315,652	-	-
		28,442,731	80,254,484	2,296,948	22,129,749
Total liabilities		250,708,188	223,205,669	32,375,955	28,319,087
Net assets		322,304,021	273,665,427	308,755,417	269,816,488

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

**Statements of financial position (cont'd.)
As at 31 December 2017**

	Note	Group 2017 RM	2016 RM Restated	Company 2017 RM	2016 RM
Equity attributable to owners of the parent					
Share capital	30	293,375,997	205,978,000	295,883,750	205,978,000
Share premium	30	-	43,007,997	-	45,515,750
Other reserves	31	(25,532,791)	(26,524,507)	-	-
Retained earnings	36	56,299,387	51,410,555	12,871,667	18,322,738
Non-controlling interests		324,142,593	273,872,045	308,755,417	269,816,488
Total equity		(1,838,572)	(206,618)	-	-
		322,304,021	273,665,427	308,755,417	269,816,488
Total equity and liabilities		573,012,209	496,871,096	341,131,372	298,135,575

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Pasdec Holdings Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2017

	Total equity attributable to owners of the parent		Attributable to owners of the parent				Non-distributable				Non-controlling interests	
	RM	RM	Share capital (Note 30)	Share premium (Note 30)	Retained earnings (Note 36)	Total other reserves (Note 31)	Other reserve	Fair value adjustment reserve	Foreign currency translation deficit	Premium paid on acquisition of non-controlling interests		RM
2017 Group												
Opening balance at 1 January 2017	276,949,320	277,155,938	205,978,000	43,007,997	54,694,448	(26,524,507)	(2,541,273)	16,663	(14,101,626)	(9,898,271)	(206,618)	
As previously stated	(3,283,893)	(3,283,893)	-	-	(3,283,893)	-	-	-	-	-	-	
Prior year adjustments (Note 40)												
At 1 January 2017 (restated)	273,665,427	273,872,045	205,978,000	43,007,997	51,410,555	(26,524,507)	(2,541,273)	16,663	(14,101,626)	(9,898,271)	(206,618)	
Transition to no par value regime on 31 January 2017			43,007,997	(43,007,997)	-	-	-	-	-	-	-	
	273,665,427	273,872,045	248,985,997	-	51,410,555	(26,524,507)	(2,541,273)	16,663	(14,101,626)	(9,898,271)	(206,618)	
Profit for the year	3,165,404	4,675,758	-	-	4,675,758	-	-	-	-	-	(1,510,354)	
Other comprehensive (loss)/income												
Net loss on fair value changes of available-for-sale financial assets	(6,947)	(6,947)	-	-	-	(6,947)	-	(6,947)	-	-	-	
Foreign currency translation	877,063	998,663	-	-	-	998,663	-	-	998,663	-	(121,600)	
Remeasurement gain on defined benefit plan	213,074	213,074	-	-	213,074	-	-	-	-	-	-	
Other comprehensive income/(loss) for the year	1,083,190	1,204,790	-	-	213,074	991,716	-	(6,947)	998,663	-	(121,600)	
Total comprehensive income/(loss) for the year	4,248,594	5,880,548	-	-	4,888,832	991,716	-	(6,947)	998,663	-	(1,631,954)	
Transaction with owners												
Additional paid up capital	44,390,000	44,390,000	44,390,000	-	-	-	-	-	-	-	-	
Closing balance at 31 December 2017	322,304,021	324,142,593	293,375,997	-	56,299,387	(25,532,791)	(2,541,273)	9,716	(13,102,963)	(9,898,271)	(1,838,572)	

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Pasdec Holdings Berhad
(Incorporated in Malaysia)

Statements of changes in equity (cont'd.)
For the financial year ended 31 December 2017

	Total equity attributable to owners of the parent		Attributable to owners of the parent				Non-distributable			Non-controlling interests	
	Total equity RM	RM	Share capital (Note 30) RM	Share premium (Note 30) RM	Retained earnings (Note 36) RM	Total other reserves (Note 31) RM	Other reserve RM	Fair value adjustment reserve RM	Foreign currency translation deficit RM		Premium paid on acquisition of non-controlling interests RM
2016 Group											
Opening balance at 1 January 2016	305,547,280	304,417,353	205,978,000	43,007,997	76,276,652	(20,845,296)	-	37,005	(10,984,030)	(9,898,271)	1,129,927
Loss for the year	(27,323,994)	(26,041,377)	-	-	(26,041,377)	-	-	-	-	-	(1,282,617)
Other comprehensive (loss)/income											
Net loss on fair value changes of available-for-sale financial assets	(20,342)	(20,342)	-	-	-	(20,342)	-	(20,342)	-	-	-
Foreign currency translation	(3,171,524)	(3,117,596)	-	-	-	(3,117,596)	-	-	(3,117,596)	-	(53,928)
Remeasurement gain on defined benefit plan	1,175,280	1,175,280	-	-	1,175,280	-	-	-	-	-	-
Share of other comprehensive loss of associate	(2,541,273)	(2,541,273)	-	-	-	(2,541,273)	(2,541,273)	-	-	-	-
Other comprehensive (loss)/income for the year	(4,557,859)	(4,503,931)	-	-	1,175,280	(5,679,211)	(2,541,273)	(20,342)	(3,117,596)	-	(53,928)
Total comprehensive loss for the year	(31,881,855)	(30,545,308)	-	-	(24,866,097)	(5,679,211)	(2,541,273)	(20,342)	(3,117,596)	-	(1,336,545)
Closing balance at 31 December 2016 (restated)	273,665,427	273,872,045	205,978,000	43,007,997	51,410,555	(26,524,507)	(2,541,273)	16,663	(14,101,626)	(9,898,271)	(206,618)

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

**Statements of changes in equity (cont'd.)
For the financial year ended 31 December 2017**

	I---- Non-Distributable ----I		Distributable	
	Share capital (Note 30) RM	Share premium (Note 30) RM	Retained earnings (Note 36) RM	Total RM
Company				
At 1 January 2017	205,978,000	45,515,750	18,322,738	269,816,488
Loss for the year	-	-	(5,246,926)	(5,246,926)
Transfer to share capital	45,515,750	(45,515,750)	-	-
<u>Other comprehensive income</u>				
Remeasurement loss on defined benefit plan	-	-	(204,145)	(204,145)
<u>Transaction with owners</u>				
Issuance of new ordinary shares	44,390,000	-	-	44,390,000
Total comprehensive income/(loss)	89,905,750	(45,515,750)	(5,451,071)	38,938,929
Closing balance at 31 December 2017	295,883,750	-	12,871,667	308,755,417
At 1 January 2016	205,978,000	45,515,750	17,033,287	268,527,037
Loss for the year	-	-	(1,910,645)	(1,910,645)
<u>Other comprehensive income</u>				
Remeasurement gain on defined benefit plan	-	-	3,200,096	3,200,096
Closing balance at 31 December 2016	205,978,000	45,515,750	18,322,738	269,816,488

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

**Statements of cash flows
For the financial year ended 31 December 2017**

	Note	Group		Company	
		2017 RM	2016 RM Restated	2017 RM	2016 RM
Operating activities					
Profit/(loss) before taxation from continuing operations		1,447,516	(20,531,537)	(5,246,926)	(1,910,645)
Profit before taxation from discontinued operations	13	26,945	-	-	-
Adjustments for:					
Reversal of allowance for impairment of trade and other receivables	9	(13,198,117)	(744,026)	(19,904)	(1,296,183)
Depreciation of property, plant and equipment	9	2,685,677	1,792,375	306,233	244,506
Depreciation of investment properties	9	922,574	510,841	418,499	-
Gain on disposal of investment properties	7	-	(518,156)	-	-
Unrealised loss/(gain) on foreign exchange	9	-	(920,667)	-	27,982
Provision for liquidated ascertained damages	9	4,019,682	1,337,313	-	-
Gain on disposal of property, plant and equipment	7	(102,754)	(742,397)	(20,801)	-
Loss/(gain) on disposal of a subsidiary	7	617,813	-	(535,587)	-
Provision for impairment losses in investments in subsidiaries	9	-	-	-	8,063,388
Provision for impairment losses in investment in an associate	9	200,000	-	-	-
Share of loss/(gain) of associates		913,080	(1,973,005)	-	-
Provision for retirement benefits	10	471,059	534,588	219,662	379,191
Short-term compensated absence	10	-	-	-	20,490
Overprovision of short-term accumulated compensated absences in prior years	10	(41,434)	(16,034)	(6,231)	-
Overprovision of defined benefit plan in prior year	10	(296,773)	-	-	-
Impairment losses on trade and other receivables	9	3,582,006	3,403,121	761,527	2,318,168
Interest expense	8	13,134,794	6,845,319	1,946,268	837,400
Interest income	6	(866,922)	(623,824)	(2,360,709)	(1,070,013)
Dividend income	4	(21,942)	(20,967)	-	(16,300,000)
Total adjustments		12,018,743	8,864,481	708,957	(6,775,071)

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

**Statements of cash flows
For the financial year ended 31 December 2017 (cont'd.)**

	Note	Group 2017 RM	2016 RM Restated	Company 2017 RM	2016 RM
Operating cash flows before changes in working capital		13,493,204	(11,667,056)	(4,537,969)	(8,685,716)
Changes in working capital					
Decrease/(increase) in trade and other receivables		886,633	25,507,126	3,249,285	(7,408,778)
Decrease/(increase) in other current assets		(1,392,045)	2,930,018	19,145	(28,727)
Increase in inventories		(24,488,064)	(7,165,354)	-	-
(Decrease)/increase in land held for development		(9,326,824)	547,682	-	-
Decrease in property development costs		19,095,976	4,721,347	-	-
Increase/(decrease) in trade and other payables		11,403,357	(21,016,492)	3,916,974	(4,192,238)
Total changes in working capital		(3,820,967)	5,524,327	7,185,404	(11,629,743)
Income taxes paid		(3,176,892)	(4,982,327)	-	(95,930)
Income taxes refunded		1,100,676	2,656,691	-	956,020
Retirement benefits paid	26	(283,668)	(577,380)	(118,026)	(121,026)
Net cash flows generate from/ (used in) operating activities		7,312,353	(9,045,745)	2,529,409	(19,576,395)
Investing activities					
Purchase of property, plant and equipment	15	(6,192,069)	(12,726,523)	(47,325)	(31,475)
Proceeds from disposal of property, plant and equipment		513,152	10,270,914	20,802	-
Proceeds from disposal of investment properties		-	1,152,820	-	-
Interest received		866,922	623,824	1,103	543,518
Dividends received		21,942	3,670,329	-	-
Uplifted/(placement) of deposits with licensed banks		852,621	(673,686)	-	-
Net cash flows generated (used in)/from investing activities		(3,937,432)	2,317,678	(25,420)	512,043

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

**Statements of cash flows
For the financial year ended 31 December 2017 (cont'd.)**

	Note	Group		Company	
		2017 RM	2016 RM Restated	2017 RM	2016 RM
Financing activities					
Drawdown of term loans		-	45,512,454	-	20,000,000
Repayments of term loans	(14,212,184)	(29,834,793)		-	-
Repayment of revolving credits	(500,000)	-		-	-
Repayment of bankers' acceptances	(153,000)	(640,000)		-	-
Repayments of obligations under finance leases	(418,534)	(529,664)	(159,657)	(151,446)	
Interest paid	(13,134,794)	(6,845,319)	(1,946,268)	(837,400)	
Deposits upliftment for loans and borrowings securities		270,171	222,820	-	-
Net cash flows (used in)/generated from financing activities		(28,148,341)	7,885,498	(2,105,925)	19,011,154
Net (decrease)/increase in cash and cash equivalents		(24,773,420)	1,157,431	398,064	(53,198)
Cash and cash equivalents at 1 January		(3,650,757)	(4,734,775)	279,602	332,800
Effect of exchange rate fluctuations on cash held		(30,869)	(73,413)		
Cash and cash equivalents at 31 December	25	(28,455,046)	(3,650,757)	677,666	279,602

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****Notes to the financial statements
For the financial year ended 31 December 2017****1. Corporate information**

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Tingkat 14, Menara Teruntum, Jalan Mahkota, 25000 Kuantan, Pahang Darul Makmur.

The holding corporation of the Company is Perbadanan Kemajuan Negeri Pahang, a statutory body incorporated in Malaysia under the Pahang State Enactment No. 12, 1965.

The principal activities of the Company are those of investment holding and provision of management services to the subsidiaries. The principal activities of the subsidiaries are described in Note 18. There have been no significant changes in the nature of the principal activities during the financial year.

2. Summary of significant accounting policies**2.1 Basis of preparation**

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

On 15 September 2016, the Companies Act 2016 (New Act) was enacted and it replaces the Companies Act 1965 in Malaysia with the Net Act with effect from 31 January 2017. The key changes of the new Act are disclosed in Note 2.29.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2017, the Group and the Company adopted the following new and amended FRS mandatory for annual financial periods beginning on or after 1 January 2017.

Descriptions	Effective for annual periods beginning on or after
FRS 107: <i>Disclosures Initiatives (Amendments to FRS 107)</i>	1 January 2017
FRS 112: <i>Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 112)</i>	1 January 2017
Annual Improvement to FRS Standards 2014 - 2016 Cycle - <i>Amendments to FRS 12: Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirement in FRS 12</i>	1 January 2017

The nature and impact of the amended FRS are described below:

FRS 107: *Disclosures Initiatives (Amendments to FRS 107)*

The amendments to FRS 107: *Statement of Cash Flows* requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of these amendments, entities are not required to provide comparative information for preceding periods. Apart from the additional disclosures in Note 27, the application of these amendments has had no impact on the Group and the Company.

FRS 112: *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The application of these amendments has had no impact on the Group and the Company as the Group and the Company already assess the sufficiency of future taxable profits in a way that is consistent with these amendments.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.2 Changes in accounting policies (cont'd.)**Annual Improvements to FRS Standards 2014 - 2016 Cycle - Amendments to FRS 12:
Disclosure of Interest in Other Entities: Clarification of the scope of disclosure requirements

The amendments clarify that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified as held for sale. The application of these amendments has had no effect on the Group and the Company as none of the Group's and the Company's interest in these entities are classified as held for sale.

2.3 Malaysian Financial Reporting Standards ("MFRS")

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company have established a project team to plan and manage the adoption of the MFRS Framework.

(a) Assessment and planning phase

This phase involves the following:

- (i) High level identification of the key differences between Financial Reporting Standards and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework;
- (ii) Evaluation of any training requirements; and
- (iii) Preparation of a conversion plan.

The Group and the Company consider the assessment and planning phase to be complete as at the date of these financial statements.

(b) Implementation and review phase

This phase aims to:

- (i) develop training programs for the staff;
- (ii) formulate new and/or revised accounting policies and procedures for compliance with the MFRS Framework;
- (iii) identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework; and
- (iv) develop disclosures required by the MFRS Framework.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.3 Malaysian Financial Reporting Standards ("MFRS") (cont'd.)**

The Group and the Company have not completed their assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2017 could be different if prepared under the MFRS Framework.

The Group and the Company consider that they are achieving their scheduled milestones and expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.4 Basis of consolidation (cont'd.)**

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.4 Basis of consolidation (cont'd.)****Business combinations (cont'd.)**

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.6 Foreign currency**(a) Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.6 Foreign currency (cont'd.)****(b) Foreign currency transactions (cont'd.)**

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.7 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.7 Property, plant and equipment (cont'd.)

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful lives as follows:

Leasehold improvement	10 years
Buildings	20 years
Plant and machinery	5 to 10 years
Motor vehicles	5 to 10 years
Office equipment	5 to 10 years
Office renovation	10 to 12.5 years
Furniture and fittings	5 to 10 years

Work-in-progress is not depreciated as this asset is not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Investment properties

Investment properties are buildings which are held either to earn rental income or for capital appreciation, or for both. Such properties are measured initially at cost including transaction costs. Following initial recognition, investment properties are carried at cost less any accumulated depreciation and accumulated impairment losses. The buildings are depreciated at 2% per annum on a straight line method.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

Transfers are made to or from investment property only when there is a change in use.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.9 Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.11 Investments in associates**

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies FRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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2. Summary of significant accounting policies (cont'd.)**2.12 Land held for property development and property development costs****(a) Land held for property development**

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit and loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within trade payables.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.13 Construction contracts**

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.14 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group and the Company classified their financial assets as loans and receivables and available-for-sale.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.14 Financial instruments – initial recognition and subsequent measurement (cont'd.)****(a) Financial assets (cont'd.)****Subsequent measurement****Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 21.

Available-for-sale ("AFS") financial assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group and the Company evaluate whether the ability and intention to sell their AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group and the Company are unable to trade these financial assets due to inactive markets, the Group and the Company may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.14 Financial instruments – initial recognition and subsequent measurement (cont'd.)****(a) Financial assets (cont'd.)****Available-for-sale ("AFS") financial assets**

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group and the Company have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group and Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.14 Financial instruments – initial recognition and subsequent measurement (cont'd.)****(a) Financial assets (cont'd.)****Impairment of financial assets (cont'd.)****Financial assets carried at amortised cost**

For financial assets carried at amortised cost, the Group and the Company first assess whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group and the Company determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

AFS financial assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)**2.14 Financial instruments – initial recognition and subsequent measurement (cont'd.)****(a) Financial assets (cont'd.)****Impairment of financial assets (cont'd.)****AFS financial assets (cont'd.)**

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in other operating income.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through profit or loss.

(b) Financial liabilities**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)**2.14 Financial instruments – initial recognition and subsequent measurement (cont'd.)****(b) Financial liabilities (cont'd.)****Initial recognition and measurement (cont'd.)**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

The Group does not have any derivative liability as at 31 December 2017.

Loans and borrowings

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.14 Financial instruments – initial recognition and subsequent measurement (cont'd.)****(b) Financial liabilities (cont'd.)****Loans and borrowings (cont'd.)**

This category generally applies to interest-bearing loans and borrowings. For more information refer Note 27.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.15 Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include cash in hand and at banks and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of raw materials, direct labour, other direct costs and appropriate proportions of production overheads.

The cost of unsold properties comprises cost associated with the purchase of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.17 Provisions**

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.19 Employee benefits**(a) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.19 Employee benefits (cont'd.)****(c) Defined benefit plans**

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods. The actuarial valuation was carried out once every three years.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.19 Employee benefits (cont'd.)****(c) Defined benefit plans (cont'd.)**

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

2.20 Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.21 Discontinued operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.22 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.12 (b).

(b) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.13.

(c) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(d) Revenue from services

Revenue from services is recognised net of service taxes and discounts as and when the services are performed.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

(f) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

(g) Interest income

Interest income is recognised using the effective interest method.

(h) Management fees

Management fees are recognised when services are rendered.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.23 Income taxes****(a) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.23 Income taxes (cont'd.)****(b) Deferred tax (cont'd.)**

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Goods and Services Tax ("GST")

The net amount of GST, being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in trade and other payables or trade and other receivables in the statements of financial position.

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on its products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.25 Share capital and share issuance expenses**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

2.27 Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

(a) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

(b) Non-financial instruments

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (cont'd.)

2.27 Fair value measurements (cont'd.)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

2.28 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (cont'd.)****2.29 Significant changes in regulatory requirements**Companies Act 2016

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and the Company upon the commencement of the New Act on 31 January 2017 are :

- the removal of the authorised share capital; and
- the ordinary shares of the Group and the Company will cease to have par or nominal value

The adoption of the New Act has no financial impact on the Group and on the Company for the current financial year ended 31 December 2017. The effects of the adoption are mainly on the disclosures to the financial statements of the Group and of the Company.

2.30 Current and non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to be sold or consumed in Normal operating
- held primarily for the purpose of trading;
- expected to be realised within 12 months after the reporting period; or
- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****3. Significant accounting judgements and estimates**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Revenue recognition

When a contract for the sale of a property upon completion of construction is judged to be a construction contract (see revenue recognition policy for sales of property under development in Note 2.22 (a)), revenue is recognised using the percentage-of-completion method as construction progresses. The Group considers the terms and conditions of the contract, including how the contract was negotiated and the structural elements that the customer specifies when identifying individual projects as construction contracts. The percentage of completion is estimated by reference to the stage of the projects and contracts determined based on the proportion of contract costs incurred to date and the estimated costs to complete.

(b) Classification of property

The Group determines whether a property is classified as investment property or inventory property.

Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and for capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Inventory property comprises property that is held for sale in the ordinary course of business. Principally, these are residential and commercial properties that the Group develops and intends to sell before or on completion of construction.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****3. Significant accounting judgements and estimates (cont'd.)****3.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Property development and construction contracts

The Group recognises contract or property development revenue and expenses in the statement of profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that contract or property development costs incurred for work performed to date bear to the estimated total contract or property development costs.

Significant judgement is involved in determining the stage of completion, the extent of the contract or property development costs incurred, the estimated total contract or property development revenue and costs, as well as the recoverability of the contracts or development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of assets and liabilities of the Group arising from property development activities and construction activities are disclosed in Note 16(b) and Note 23 respectively.

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 21.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****3. Significant accounting judgements and estimates (cont'd.)****3.2 Key sources of estimation uncertainty****(c) Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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4. Revenue

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Sale of properties	47,221,313	48,699,274	-	-
Sale of land	-	12,000,000	-	-
Construction contracts	1,453,682	1,959,384	-	-
Sale of goods	58,851,878	46,809,265	-	-
UniFi installation services	2,416,583	3,332,623	-	-
Project maintenance	22,960	52,052	-	-
Management fees	328,289	329,751	1,406,078	2,089,675
Rental income	5,130,239	4,176,562	1,265,212	-
Dividend income	21,942	20,967	-	16,300,000
	<u>115,446,886</u>	<u>117,379,878</u>	<u>2,671,290</u>	<u>18,389,675</u>

5. Cost of sales

	Group	
	2017 RM	2016 RM
Property development costs (Note 16(b))	16,403,108	32,738,829
Additional costs for completed projects	1,610,685	3,784,154
Cost of land held for property development sold (Note 16(a))	-	1,677,976
Cost of inventories sold	47,754,159	42,907,504
Cost of services rendered	1,554,561	2,949,120
Cost of construction contracts	159,301	1,926,442
Value engineering and consultancy services	81,514	65,787
	<u>67,563,328</u>	<u>86,049,812</u>

6. Interest income

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest income from:				
Loans and receivables	533,160	-	2,360,709	1,070,013
Deposits with licensed banks	333,762	623,824	-	-
	<u>866,922</u>	<u>623,824</u>	<u>2,360,709</u>	<u>1,070,013</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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7. Other income

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Rental income	30,000	30,000	-	-
Gain on disposal of property, plant and equipment	102,754	742,397	20,801	-
Unrealised (loss)/gain on foreign exchange	-	920,667	-	-
Gain on disposal of investment properties	-	518,156	-	-
Non-operational claim from a customer	531,808	1,122,233	-	-
Reversal of provision for liability no longer required	-	596,036	-	-
Duty drawback	307,230	-	-	-
Gain on disposal of a subsidiary	-	-	535,587	-
Tooling compensation from customers	1,935,640	-	-	-
Other payable written off	917,350	-	-	-
Compensation received for land surrendered compensation	521,104	-	-	-
Liquidated ascertained damages to contractors	542,500	112,787	-	-
Miscellaneous	669,189	201,205	375	-
	5,557,575	4,243,481	556,763	-

8. Finance costs

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest expense on:				
Obligations under finance leases	27,952	35,837	23,690	31,904
Term loans	4,612,683	4,898,297	1,106,103	-
Bank overdrafts	5,540,166	2,101,915	-	-
Revolving credits	185,775	165,715	-	-
Other interests	3,064,646	250,000	816,475	805,496
	13,431,222	7,451,764	1,946,268	837,400
Less: Interest expense capitalised in:				
Development property (Note 16(b))	(296,428)	(606,445)	-	-
Total finance costs	13,134,794	6,845,319	1,946,268	837,400

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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9. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Auditors' remuneration - current	636,432	517,617	33,000	30,000
- prior year over provision	(10,700)	-	-	-
Employee benefits expense (Note 10)	17,998,617	17,841,270	4,533,475	5,459,208
Non-executive directors' remuneration	613,547	538,386	612,297	535,886
Depreciation of property, plant and equipment (Note 15)	2,685,677	1,792,375	306,233	244,506
Unrealised loss/(gain) on foreign exchange	-	(920,667)	-	27,982
Depreciation of investment properties (Note 17)	922,574	510,841	418,499	-
Loss on disposal of a subsidiary (Note 18(c))	617,813	-	-	-
Provision for impairment losses in investments in subsidiaries	-	-	-	8,063,388
Provision for impairment losses in investments in an associate	200,000	-	-	-
Impairment loss on financial assets	3,582,006	3,403,121	761,527	2,318,168
- Trade receivables (Note 21(a))	2,421,275	3,145,197	-	-
- Other receivables (Note 21(b))	1,160,731	257,924	761,527	2,318,168
Rental expenses:	1,989,257	1,768,413	251,520	251,520
- Third parties	279,626	290,160	-	-
- Related parties	1,709,631	1,478,253	251,520	251,520
Provision for liquidated ascertained damages	4,019,682	1,337,313	-	-
Reversal of allowance for impairment	(13,198,117)	(744,026)	(19,904)	(1,296,183)
- Trade receivables (Note 21(a))	(8,693,666)	(744,026)	-	-
- Other receivables (Note 21(b))	(4,504,451)	-	(19,904)	(1,296,183)
Relocation costs for operations from South Africa to Botswana	892,252	4,149,856	-	-

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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10. Employee benefits expense

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Wages and salaries	13,713,926	13,280,404	3,267,126	3,476,273
Social security contributions	103,409	124,131	44,971	43,466
Short-term accumulated compensated absences				
- current	-	-	-	20,490
- prior year over provision	(41,434)	(16,034)	(6,231)	-
Contributions to defined contribution plan	1,108,811	1,273,220	398,988	406,410
Pension costs - defined benefit plan (Note 26)	471,059	534,588	219,662	379,191
Overprovision of pension cost - defined benefit plan in prior year	(296,773)	-	-	-
Incentive	553,168	815,574	257,677	269,545
Bonus - current year	328,137	-	-	290,436
- (over)/under provision in prior year	(652,007)	361,115	(290,436)	-
Other staff related expenses	2,710,321	1,468,272	641,718	573,397
	<u>17,998,617</u>	<u>17,841,270</u>	<u>4,533,475</u>	<u>5,459,208</u>

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM1,763,864 (2016: RM498,598) and RM159,015 (2016: RM497,598) respectively.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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11. Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive:				
Fees - current	6,667	20,000	6,667	20,000
- reversal of provision in prior years	-	(20,000)	-	(20,000)
Salaries and other emoluments, representing total executive directors' remuneration (excluding benefits-in-kind)	1,757,197	480,298	152,348	479,298
Total executive director's remuneration (excluding benefits-in-kind)	1,763,864	480,298	159,015	479,298
Estimated money value of benefits-in-kind	-	18,300	-	18,300
Total executive directors' remuneration (including benefits-in-kind)	1,763,864	498,598	159,015	497,598
Non-executive:				
Fees - current year	149,137	165,000	149,137	165,000
- reversal of provision in prior years	-	(165,000)	-	(165,000)
Other emoluments	464,410	538,386	463,160	535,886
Total non-executive directors' remuneration	613,547	538,386	612,297	535,886
Total directors' remuneration	2,377,411	1,036,984	771,312	1,033,484

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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12. Income tax (benefit)/expense

Major components of income tax (benefit)/ expense

The major components of income tax (benefit)/expense for the years ended 31 December 2017 and 2016 are:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	3,848,216	576,001	-	-
Under/(over) provision in prior years	110,027	(121,899)	-	-
	<u>3,958,243</u>	<u>454,102</u>	<u>-</u>	<u>-</u>
Deferred income tax (Note 32):				
Relating to originating and reversal of temporary differences	(5,649,186)	6,338,355	-	-
Income tax (benefit)/expense for the year	<u>(1,690,943)</u>	<u>6,792,457</u>	<u>-</u>	<u>-</u>

Reconciliation between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2017 and 2016 are as follows:

	2017 RM	2016 RM Restated
Group		
Profit/(loss) before taxation from continuing operations	1,447,516	(20,531,537)
Profit before taxation from discontinued operations	26,945	-
	<u>1,474,461</u>	<u>(20,531,537)</u>
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	353,871	(4,927,569)
Different tax rate in another country	(177,958)	(1,320,505)
Utilisation of Group relief	(723,349)	(325,076)
Effect of income not subject to tax	(188,396)	(4,173,264)
Effect of expenses not deductible for tax purposes	3,791,620	8,806,396
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(31,240)	(411,457)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	604,529	9,739,352
Deferred tax assets recognised on utilised tax losses	(5,649,186)	-
Under/(over) provision of income tax in prior years	110,027	(121,899)
Share of tax of associates	219,139	(473,521)
Income tax (benefit)/expense for the year	<u>(1,690,943)</u>	<u>6,792,457</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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12. Income tax (benefit)/expense (cont'd.)

Reconciliation between tax (benefit)/expense and accounting profit/(loss) (cont'd.)

	2017	2016
	RM	RM
Company		
Loss before taxation	<u>(5,246,926)</u>	<u>(1,910,645)</u>
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	(1,259,262)	(458,554)
Effect of income not subject to tax	(133,533)	(3,912,000)
Effect of expenses not deductible for tax purposes	1,153,246	4,159,062
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	<u>239,549</u>	<u>211,492</u>
Income tax expense for the year	<u>-</u>	<u>-</u>

The income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profit/(loss) for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Tax savings during the financial year arising from:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	<u>31,240</u>	<u>411,457</u>	<u>-</u>	<u>-</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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13. Profit from discontinued operations, net of tax

The Company announced the decision of its Board of Directors to dispose of two of its wholly-owned subsidiaries, Kimdec Corporation Sdn. Bhd. and Pasdec Trading Sdn. Bhd. which were previously reported in the other segment under Note 39.

As at 31 December 2017, the assets and liabilities related to Kimdec Corporation Sdn. Bhd. and Pasdec Trading Sdn. Bhd. have been presented in the statement of financial position as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale", and its results are presented separately on the statement of comprehensive income as "Profit from discontinued operations, net of tax".

Statement of financial position disclosures

The major classes of assets and liabilities of disposal group classified as held for sale as at 31 December 2017 are as follows:

	2017
	RM
Assets:	
Property, plant and equipment	1,144
Other receivables	5,030
Cash and bank balances	23,700
	<u>29,874</u>
Liabilities:	
Trade and other payables	<u>31,650</u>
Net liabilities of disposal group classified as held for sale	<u>1,776</u>

Statement of comprehensive income disclosures

The results of disposal group classified as held for sale for the year ended 31 December 2017 are as follows:

	2017
	RM
Discontinued operations	
Other income	72,795
Expenses	(45,850)
Profit from discontinued operations, net of tax	<u>26,945</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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13. Profit from discontinued operations, net of tax (cont'd.)

Statement of cash flows disclosures

The cash flows attributable to disposal group classified as held for sale are as follows:

	2017 RM
Operating representing net cash inflows	<u>2,085</u>

14. Profit/(loss) per share

(a) Basic

Basic profit/(loss) per share amounts are calculated by dividing profit/(loss) for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2017	2016
Profit/(loss) attributable to ordinary equity holders of the Company (RM)	4,675,758	(26,041,377)
Weighted average number of ordinary shares in issue (units)	251,128,685	205,978,000
Basic earnings/(loss) per share (sen)	<u>1.86</u>	<u>(12.64)</u>

(b) Diluted

No diluted earnings per share were presented as there were no potential dilutive ordinary shares outstanding as at 31 December 2017 and 31 December 2016.

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**Pasdec Holdings Berhad
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15. Property, plant and equipment

Group	Leasehold improvement RM	Buildings RM	Plant and machinery RM	Work-in -progress RM	Other assets* RM	Total RM
Cost:						
At 1 January 2016						
Additions	466,228	4,054,445	11,343,854	3,965,678	10,406,040	30,236,245
Disposals	99,599	-	8,967,222	2,749,385	1,008,817	12,825,023
Exchange differences	-	(1,453,971)	(10,928,861)	-	(553,280)	(12,936,112)
	45,541	-	974,565	-	168,228	1,188,334
At 31 December 2016 and 1 January 2017						
Additions	611,368	2,600,474	10,356,780	6,715,063	11,029,805	31,313,490
Disposals	-	7,300,000	15,680,290	2,251,465	889,177	26,120,932
Write-off	(23,188)	(321,011)	-	-	(567,190)	(911,389)
Reclassification to asset held for sale	-	-	(3,838)	-	-	(3,838)
Exchange differences	(33,044)	-	(1,604,600)	-	(28,641)	(28,641)
At 31 December 2017	555,136	9,579,463	24,428,632	8,966,528	11,320,567	54,850,326

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**Pasdec Holdings Berhad
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15. Property, plant and equipment (cont'd.)

Group (cont'd.)	Leasehold improvement RM	Buildings RM	Plant and machinery RM	Work-in -progress RM	Other assets* RM	Total RM
Accumulated depreciation:						
At 1 January 2016	171,924	812,322	2,551,005	-	7,327,688	10,862,939
Charge for the year (Note 9)	42,175	70,327	861,996	-	817,877	1,792,375
Disposals	-	(309,108)	(2,759,071)	-	(339,416)	(3,407,595)
Exchange differences	17,091	-	65,873	-	55,702	138,666
At 31 December 2016 and 1 January 2017	231,190	573,541	719,803	-	7,861,851	9,386,385
Charge for the year (Note 9)	56,272	160,162	1,729,068	-	740,175	2,685,677
Disposals	(4,298)	(76,649)	-	-	(420,044)	(500,991)
Write-off	-	-	(1,622)	-	-	(1,622)
Reclassification to asset held for sale	-	-	-	-	(27,497)	(27,497)
Exchange differences	20,832	-	125,875	-	(212,420)	(65,713)
At 31 December 2017	303,996	657,054	2,573,124	-	7,942,065	11,476,239
Net carrying amount:						
At 31 December 2016	380,178	2,026,933	9,636,977	6,715,063	3,167,954	21,927,105
At 31 December 2017	251,140	8,922,409	21,855,508	8,966,528	3,378,502	43,374,087

* Other assets consist of office renovation, furniture and fittings, office equipment and motor vehicles.

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**Pasdec Holdings Berhad
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15. Property, plant and equipment (cont'd.)

Company	Office equipment RM	Motor vehicles RM	Furniture and fittings RM	Office renovation RM	Building RM	Total RM
Cost:						
At 1 January 2016	685,865	1,451,982	56,206	77,649	-	2,271,702
Additions	29,827	-	1,648	-	-	31,475
At 31 December 2016 and 1 January 2017	715,692	1,451,982	57,854	77,649	-	2,303,177
Additions	45,150	1	2,174	-	7,300,000	7,347,325
Disposal	-	(1)	-	-	-	(1)
At 31 December 2017	760,842	1,451,982	60,028	77,649	7,300,000	9,650,501
Accumulated depreciation:						
At 1 January 2016	487,791	534,310	14,464	35,803	-	1,072,368
Charge for the year (Note 9)	85,873	145,197	5,672	7,764	-	244,506
At 31 December 2016 and 1 January 2017	573,664	679,507	20,136	43,567	-	1,316,874
Charge for the year (Note 9)	65,042	145,197	5,862	7,764	82,368	306,233
At 31 December 2017	638,706	824,704	25,998	51,331	82,368	1,623,107
Net carrying amount:						
At 31 December 2016	142,028	772,475	37,718	34,082	-	986,303
At 31 December 2017	122,136	627,278	34,030	26,318	7,217,632	8,027,394

During the financial year, the Group and the Company acquired property, plant and equipment as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Hire purchase	-	98,500	-	-
Loans and borrowings	12,628,863	-	-	-
Issuance of ordinary shares	7,300,000	-	7,300,000	-
Cash outflow	6,192,069	12,726,523	47,325	31,475
	26,120,932	12,825,023	7,347,325	31,475

Net carrying amounts of property, plant and equipment held under hire purchase arrangements are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Motor vehicles	1,046,136	1,574,458	616,619	733,267
Plant and machinery	11,963,495	626,552	-	-
	13,009,631	2,201,010	616,619	733,267

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**Pasdec Holdings Berhad
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15. Property, plant and equipment (cont'd.)

In addition to assets held under finance leases, the Group's property, plant and equipment, with carrying amount of RM44,150,332 (2016: RM240,577) are pledged to secure the Group's bank borrowings (Note 27).

16. Land held for property development and property development costs

(a) Land held for property development

	Freehold land RM	Leasehold land RM	Total RM
Group			
At 31 December 2017			
Cost			
At 1 January 2017	47,105,187	86,506,323	133,611,510
Additions	-	8,368,436	8,368,436
Transferred to property development costs Note (16(b))	-	(58,143)	(58,143)
Reclassification from development cost Note (16(b))	-	1,016,531	1,016,531
At 31 December 2017	<u>47,105,187</u>	<u>95,833,147</u>	<u>142,938,334</u>
Carrying amount at 31 December 2017	<u>47,105,187</u>	<u>95,833,147</u>	<u>142,938,334</u>
At 31 December 2016			
Cost			
At 1 January 2016	47,105,187	87,054,005	134,159,192
Additions	-	1,130,294	1,130,294
Disposals (Note 5)	-	(1,677,976)	(1,677,976)
At 31 December 2016	<u>47,105,187</u>	<u>86,506,323</u>	<u>133,611,510</u>
Carrying amount at 31 December 2016	<u>47,105,187</u>	<u>86,506,323</u>	<u>133,611,510</u>

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**Pasdec Holdings Berhad
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16. Land held for property development and property development costs (cont'd.)

(b) Property development costs

Group	Freehold land RM Restated	Leasehold land RM Restated	Development costs RM Restated	Total RM Restated
At 31 December 2017				
Cumulative property development costs				
At 1 January 2017	7,435,765	14,088,547	169,048,283	190,572,595
Costs incurred during the year	-	13,696	26,196,515	26,210,211
Transferred from land held for property development (Note 16(a))	-	58,143	-	58,143
Reversal of completed projects	-	(236,370)	(21,947,113)	(22,183,483)
Reclassification to land held for property development (Note 16(a))	-	(1,016,531)	-	(1,016,531)
Development cost written off	(15,734)	(395,872)	(421,421)	(833,027)
Unsold units transferred to inventories	-	(237,212)	(26,874,452)	(27,111,664)
At 31 December 2017	<u>7,420,031</u>	<u>12,274,401</u>	<u>146,001,812</u>	<u>165,696,244</u>
Accumulated impairment losses				
At 1 January 2017/ 31 December 2017	<u>-</u>	<u>-</u>	<u>(3,561,699)</u>	<u>(3,561,699)</u>
Cumulative costs recognised in profit or loss				
At 1 January 2017	(521,568)	(531,631)	(46,032,645)	(47,085,844)
Reclassification	(156,195)	156,195	-	-
Recognised during the year (Note 5)	(146,394)	(42,271)	(16,214,443)	(16,403,108)
Reversal of completed projects	-	236,370	21,947,113	22,183,483
At 31 December 2017	<u>(824,157)</u>	<u>(181,337)</u>	<u>(40,299,975)</u>	<u>(41,305,469)</u>
Property development costs at 31 December 2017	<u>6,595,874</u>	<u>12,093,064</u>	<u>102,140,138</u>	<u>120,829,076</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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16. Land held for property development and property development costs (cont'd.)

(b) Property development costs (cont'd.)

	Freehold land RM	Leasehold land RM	Development costs RM	Total RM
Group (cont'd.)	Restated	Restated	Restated	Restated
At 31 December 2016				
Cumulative property development costs				
At 1 January 2016	9,608,434	15,224,660	172,482,164	197,315,258
Costs incurred during the year	-	5,793,080	38,960,579	44,753,659
Disposals (Note 5)	(1,733,278)	-	(2,242,896)	(3,976,174)
Reversal of completed projects	(409,088)	(3,303,912)	(27,070,975)	(30,783,975)
Unsold units transferred to inventories	(30,303)	(3,625,281)	(13,080,589)	(16,736,173)
At 31 December 2016	<u>7,435,765</u>	<u>14,088,547</u>	<u>169,048,283</u>	<u>190,572,595</u>
Accumulated impairment losses				
At 1 January 2016/ 31 December 2016	-	-	(3,561,699)	(3,561,699)
Cumulative costs recognised in profit or loss				
At 1 January 2016	(596,545)	(1,313,187)	(47,197,432)	(49,107,164)
Recognised during the year (Note 5)	(334,111)	(2,522,356)	(25,906,188)	(28,762,655)
Reversal of completed projects	409,088	3,303,912	27,070,975	30,783,975
At 31 December 2016	<u>(521,568)</u>	<u>(531,631)</u>	<u>(46,032,645)</u>	<u>(47,085,844)</u>
Property development costs at 31 December 2016	<u>6,914,197</u>	<u>13,556,916</u>	<u>119,453,939</u>	<u>139,925,052</u>

Included in property development costs incurred during the financial year are:

	Group	
	2017 RM	2016 RM
Interest expense capitalised (Note 8)	<u>296,428</u>	<u>606,445</u>

The freehold land and leasehold land of certain subsidiaries with a carrying value of RM81,036,836 (2016: RM82,334,480) have been charged as security for short term borrowings (Note 27).

The title of leasehold land held for development of a subsidiary with a carrying value of RM16,321,504 (2016: RM16,153,068) is still pending transfer to the subsidiary's name from the ultimate holding corporation, Perbadanan Kemajuan Negeri Pahang.

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**Pasdec Holdings Berhad
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17. Investment properties

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Buildings				
Cost				
At 1 January	25,629,266	26,326,852	-	-
Additions	37,090,000	-	37,090,000	-
Disposals	-	(697,586)	-	-
At 31 December	<u>62,719,266</u>	<u>25,629,266</u>	<u>37,090,000</u>	<u>-</u>
Accumulated depreciation				
At 1 January	2,882,107	2,434,188	-	-
Charge for the year (Note 9)	922,574	510,841	418,499	-
Disposals	-	(62,922)	-	-
At 31 December	<u>3,804,681</u>	<u>2,882,107</u>	<u>418,499</u>	<u>-</u>
Net carrying amount				
At 31 December	<u>58,914,585</u>	<u>22,747,159</u>	<u>36,671,501</u>	<u>-</u>

Fair value information

As at 31 December 2017 and 2016, the fair values of the properties are based on valuations performed by accredited independent valuers. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. Fair value of investment property is based on Level 2 of RM88,913,888 (2016: RM51,823,888).

Level 2 fair value

Level 2 fair value of buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size, location and accessibility, topographical factors, land use zoning, time factor, improvements and surrounding land uses. The most significant input into this valuation approach is price per square foot of comparable properties.

Certain investment properties with carrying amount of RM18,981,808 (2016: RM 19,389,907) are pledged to a financial institution for credit facilities granted to a subsidiary (Note 27).

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2017	2016
	RM	RM
Rental income	5,124,069	4,234,962
Direct operating expenses	<u>(285,469)</u>	<u>(510,841)</u>

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**Pasdec Holdings Berhad
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18. Investments in subsidiaries

	Company 2017 RM	2016 RM
Unquoted shares at cost	295,651,082	295,651,082
Less: Disposal during the year (Note 18(c))	<u>(2,000,002)</u>	<u>-</u>
	293,651,080	295,651,082
Less: Accumulated impairment losses	<u>(144,436,150)</u>	<u>(146,436,152)</u>
	<u>149,214,930</u>	<u>149,214,930</u>

(a) Details of the subsidiaries are as follows:

Name	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest held by the Group		% of ownership interest held by non-controlling interest	
			2017	2016	2017	2016
<i>Held by the Company:</i>						
Pasdec Corporation Sdn. Bhd.	Malaysia	Property development and project management	100	100	-	-
Kuantan Tembeling Resort Sdn. Bhd.	Malaysia	Property management and maintenance	100	100	-	-
Pasdec Land Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Pasdec Bina Sdn. Bhd. #	Malaysia	Building and civil construction	100	100	-	-
Kimdec Corporation Sdn. Bhd.	Malaysia	Property development (Ceased operations)	100	100	-	-
Sumbangan Sakti Sdn. Bhd. #	Malaysia	Property development and renewable energy	100	100	-	-
Pasdec Mega Sdn. Bhd. #	Malaysia	Property development and renewable energy	100	100	-	-
Pasdec Pintas Sdn. Bhd.	Malaysia	Dormant	70	70	30	30
Mutiara Pasdec Sdn. Bhd. #	Malaysia	Investment holding	100	100	-	-
Deep Sea Thermal Solutions Sdn. Bhd. #	Malaysia	Dormant	100	100	-	-
Pasdec Engineering Sdn. Bhd.	Malaysia	Value engineering and consultancy services	51	51	49	49

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**Pasdec Holdings Berhad
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18. Investments in subsidiaries (cont'd.)

(a) Details of the subsidiaries are as follows (cont'd.):

Name	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest held by the Group		% of ownership interest held by non-controlling interest	
			2017	2016	2017	2016
<i>Held by the Company (cont'd.):</i>						
GELNAS Sdn. Bhd. #	Malaysia	Dormant	100	100	-	-
Prima Net Technologies Sdn. Bhd. ***	Malaysia	UniFi installation services and Information and communication technologies related business	-	100	-	-
<i>Held through Pasdec Corporation Sdn. Bhd.:</i>						
Pasdec Putra Sdn. Bhd.	Malaysia	Property development	100	100	-	-
SBP Power Sdn. Bhd. @	Malaysia	Dormant	51	51	49	49
<i>Held through Mutiara Pasdec Sdn. Bhd.:</i>						
Pahang Aircraft Industries Sdn. Bhd. #	Malaysia	Dormant	100	100	-	-
Pasdec Trading Sdn. Bhd. #	Malaysia	Dormant	100	100	-	-
Pahang Off-Shore Sdn. Bhd. **	Malaysia	Investment holding	100	100	-	-
<i>Held through Pahang Off-Shore Sdn. Bhd.:</i>						
Pasdec Resources S.A. Limited *	South Africa	Investment holding	97	97	3	3

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**Pasdec Holdings Berhad
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18. Investments in subsidiaries (cont'd.)

(a) Details of the subsidiaries are as follows (cont'd.):

Name	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest held by			
			% of ownership interest held by the Group		% of ownership interest held by non-controlling interest	
			2017	2016	2017	2016
<i>Held through Pasdec</i>						
<i>Resources S.A. Limited:</i>						
Pasdec Automotive Technologies (Pty) Ltd. *	South Africa	Manufacturing and supply of automotive wiring harnesses	70	70	30	30
Femcotec Finance (Proprietary) Ltd. *	South Africa	Dormant	100	100	-	-
<i>Held through Pasdec</i>						
<i>Automotive Technologies (Pty) Ltd.:</i>						
Pasdec Automotive Technologies (Botswana) (Pty) Ltd. *	Botswana	Manufacturing and supply of automotive wiring harnesses	100	100	-	-

* Audited by Moore Stephens, Johannesburg, South Africa.

** Audited by Ernst & Young, Malaysia.

*** Subsidiary disposed during the year

@ Audited by a firm of chartered accountants other than Hanafiah Raslan & Mohamad.

The auditors' reports on the financial statements of these subsidiaries were not subject to any qualification. The ability to continue as a going concern is dependent on the success of their future operations and the continued financial support from their holding company.

In 2015, the Group had pledged the equity interest in Pasdec Automotive Technologies (Pty) Ltd. with carrying value of RM5,112,521 as a security for borrowings granted to the Group amounting to RM3,040,718 (Note 27).

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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18. Investments in subsidiaries (cont'd.)

(b) Summarised financial information of Pasdec Pintas Sdn. Bhd. ("PPSB"), Pasdec Engineering Sdn. Bhd. ("PESB"), Pasdec Off-Shore Sdn. Bhd. and its subsidiaries ("POSB Group"), which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Summarised statements of financial position

As at 31 December 2017

	PPSB RM	PESB RM	POSB Group RM	Total RM
Current assets	968,232	1,631,811	28,439,943	31,039,986
Non-current assets	-	-	49,128,304	49,128,304
Total assets	968,232	1,631,811	77,568,247	80,168,290
Current liabilities	14,702	649,015	72,643,014	73,306,731
Non-current liabilities	-	-	45,073,292	45,073,292
Total liabilities	14,702	649,015	117,716,306	118,380,023
Foreign currency translation reserve	-	-	(5,139,095)	(5,139,095)
Net assets/(liabilities)	953,530	982,796	(35,008,964)	(33,072,638)
Equity attributable to owners of the Company	667,471	501,226	(32,802,418)	(31,633,721)
Non-controlling interests	286,059	481,570	(2,206,546)	(1,438,917)

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**Pasdec Holdings Berhad
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18. Investments in subsidiaries (cont'd.)

(b) (i) Summarised statements of financial position (cont'd.):

As at 31 December 2016

	PPSB RM	PESB RM	POSB Group RM	Total RM
Current assets	982,861	1,930,522	25,493,891	28,407,274
Non-current assets	-	3,295	28,991,559	28,994,854
Total assets	982,861	1,933,817	54,485,450	57,402,128
Current liabilities	10,019	641,108	46,228,340	46,879,467
Non-current liabilities	-	-	41,949,898	41,949,898
Total liabilities	10,019	641,108	88,178,238	88,829,365
Foreign currency translation reserve	-	-	(1,476,374)	(1,476,374)
Net assets/(liabilities)	972,842	1,292,709	(32,216,414)	(29,950,863)
Equity attributable to owners of the Company	680,989	659,282	(31,084,516)	(29,744,245)
Non-controlling interests	291,853	633,427	(1,131,898)	(206,618)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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18. Investments in subsidiaries (cont'd.)

(b) (ii) Summarised statements of comprehensive income

For the financial year ended 31 December 2017

	PESB RM	PESB RM	POSB Group RM	Total RM
Revenue	-	-	58,851,878	58,851,878
(Loss)/profit for the year	(19,312)	(291,738)	1,200,173	889,123
(Loss)/profit attributable to owners of the Company	(13,518)	(148,786)	2,161,017	1,998,712
Loss attributable to the non-controlling interests	(5,794)	(142,952)	(960,844)	(1,109,589)
Total comprehensive (loss)/profit	(19,312)	(291,738)	1,200,173	889,123
Total comprehensive (loss)/profit attributable to owners of the Company	(13,518)	(148,786)	2,161,017	1,998,712
Total comprehensive loss attributable to the non-controlling interests	(5,794)	(142,952)	(960,844)	(1,109,589)
	(19,312)	(291,738)	1,200,173	889,123

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**Pasdec Holdings Berhad
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18. Investments in subsidiaries (cont'd.)

(b) (ii) Summarised statements of comprehensive income (cont'd.)

For the financial year ended 31 December 2016

	PPSB RM	PESB RM	POSB Group RM	Total RM
Revenue	-	170,667	42,412,089	42,582,756
Profit/(loss) for the year	319,010	(126,533)	(17,174,205)	(16,981,728)
Profit/(loss) attributable to owners of the Company	223,307	(64,532)	(15,857,886)	(15,699,111)
Profit/(loss) attributable to the non-controlling interests	95,703	(62,001)	(1,316,319)	(1,282,617)
Total comprehensive income/(loss)	<u>319,010</u>	<u>(126,533)</u>	<u>(17,174,205)</u>	<u>(16,981,728)</u>
Total comprehensive income/(loss) attributable to owners of the Company	223,307	(64,532)	(15,857,886)	(15,699,111)
Total comprehensive income/(loss) attributable to the non-controlling interests	<u>95,703</u>	<u>(62,001)</u>	<u>(1,316,319)</u>	<u>(1,282,617)</u>
	<u>319,010</u>	<u>(126,533)</u>	<u>(17,174,205)</u>	<u>(16,981,728)</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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18. Investments in subsidiaries (cont'd.)

(b) (iii) Summarised statements of cash flows

For the financial year ended 31 December 2017

	PPSB RM	PESB RM	POSB Group RM	Total RM
Net cash used in operating activities	(53)	(21,169)	6,698,685	6,677,463
Net cash used in investing activities	-	-	(15,526,676)	(15,526,676)
Net cash used in financing activities	-	-	(1,077,445)	(1,077,445)
Net decrease in cash and cash equivalents	(53)	(21,169)	(9,905,436)	(9,926,658)
Cash and cash equivalents at beginning of the year	611,593	22,467	(11,249,207)	(10,615,147)
Cash and cash equivalents at end of the year	611,540	1,298	(21,154,643)	(20,541,805)

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**Pasdec Holdings Berhad
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18. Investments in subsidiaries (cont'd.)

(b) (iii) Summarised statements of cash flows (cont'd.)

For the financial year ended 31 December 2016

	PPSB RM	PESB RM	POSB Group RM	Total RM
Net cash used in operating activities	(69)	(72,267)	(9,904,578)	(9,976,914)
Net cash used in investing activities	-	-	(12,882,016)	(12,882,016)
Net cash generated from financing activities	-	-	8,478,944	8,478,944
Net decrease in cash and cash equivalents	(69)	(72,267)	(14,307,650)	(14,379,986)
Cash and cash equivalents at beginning of the year	611,662	94,734	3,058,443	3,764,839
Cash and cash equivalents at end of the year	611,593	22,467	(11,249,207)	(10,615,147)

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18. Investments in subsidiaries (cont'd.)

(c) Disposal of a subsidiary

The Company disposed of its 100% equity interest in Prima Net Technologies Sdn. Bhd. on 13 December 2017 for a total consideration of RM535,587 of cash and debt settlement. The subsidiary was previously reported as part of the others segment under segment information (Note 39).

The disposal had the following effects on the financial position of the Group as at the end of the year:

	30.11.2017
	RM
Property and equipment	58,772
Trade and other receivables	900,800
Cash and bank balances	16,068
Trade and other payables	<u>(739,590)</u>
Net assets disposed	236,050
Other payable written off	917,350
Total disposal proceed	<u>(535,587)</u>
Loss on disposal	<u>617,813</u>
Disposal proceed settled by cash:	<u>535,587</u>
Cash inflow arising on disposal:	
Cash consideration	535,587
Cash and cash equivalents of subsidiary disposal	<u>(16,068)</u>
Net cash inflow on disposal	<u>519,519</u>

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19. Investments in associates

	Group	
	2017	2016
	RM	RM
Unquoted shares, at cost	23,290,750	23,290,750
Share of post-acquisition reserves	(362,360)	550,720
	<u>22,928,390</u>	<u>23,841,470</u>
Exchange differences	(2,507,065)	(4,252,778)
	<u>20,421,325</u>	<u>19,588,692</u>
Less: Accumulated impairment losses	(270,000)	(70,000)
	<u>20,151,325</u>	<u>19,518,692</u>
Represented by:		
Share of net assets	<u>20,151,325</u>	<u>19,518,692</u>

(a) Details of the associates are as follows:

Name	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest held by the Group		Accounting model applied
			2017	2016	
<i>Held by the Company:</i>					
Pasdec Technology Centre and Services Sdn. Bhd. *	Malaysia	Dormant	50	50	Equity method
<i>Held through subsidiaries:</i>					
Prima Prai Sdn. Bhd. *	Malaysia	Property development	20	20	Equity method
Genting View Resort Development Sdn. Bhd. *	Malaysia	Ceased operations	40	40	Equity method
Pasdec Cempaka Sdn. Bhd. *	Malaysia	Dormant	40	40	Equity method
CRH Africa Automotive (Pty) Ltd. *	South Africa	Manufacturing of automobile seat components and catalytic converters	30.87	30.87	Equity method
Pahang Specialist Hospital Sdn. Bhd. *	Malaysia	Specialist medical services	30	30	Equity method

* Audited by a firm of chartered accountants other than Hanafiah Raslan & Mohamad.

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19. Investments in associates (cont'd.)

(a) Summarised financial information of CRH Automotive (Pty) Ltd. which represent an associate that is material to the Group is set out below. The summarised financial information represents the amounts in the FRS financial statements of the associate and not the Group's share of those amounts. Other associates are not material to the Group.

(i) Summarised statement of financial position

	CRH Automotive (Pty) Ltd.	
	2017	2016
	RM	RM
Non-current assets	78,938,005	59,215,161
Current assets	132,281,144	95,033,194
Total assets	<u>211,219,149</u>	<u>154,248,355</u>
Non-current liabilities	36,220,442	22,311,298
Current liabilities	101,828,639	65,639,526
Total liabilities	<u>138,049,081</u>	<u>87,950,824</u>
Net assets	<u>73,170,068</u>	<u>66,297,531</u>

(ii) Summarised statement of comprehensive income

	CRH Automotive (Pty) Ltd.	
	2017	2016
	RM	RM
Revenue	342,704,357	297,342,166
Profit before tax	40,866	14,456,432
Profit for the year	246,789	9,985,500
Total comprehensive income	<u>246,789</u>	<u>9,985,500</u>

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19. Investments in associates (cont'd.)

(a) Summarised financial information of CRH Automotive (Pty) Ltd. which represent an associate that is material to the Group is set out below. The summarised financial information represents the amounts in the FRS financial statements of the associate and not the Group's share of those amounts. Other associates are not material to the Group (cont'd.).

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the associate

	CRH Automotive (Pty) Ltd.	
	2017	2016
	RM	
Net assets at 1 January	66,297,531	51,358,405
Profit for the year	246,788	9,985,500
Foreign currency translation reserve	(3,997,715)	4,953,626
Net assets at 31 December	62,546,604	66,297,531
Interest in the associate	30.87%	30.87%
Carrying value of Group's interest in the associate	19,308,137	20,466,048

(b) Aggregate information of associates that are not individually material

	2017	2016
	RM	
The Group's share of (loss)/profit before tax	(921,646)	238,684
The Group's share of (loss)/profit after tax	(1,097,622)	1,175,824
The Group's share of total comprehensive (loss)/income	(1,097,622)	1,175,824

The Group's share of losses arise from Pahang Specialist Hospital Sdn. Bhd., of which the carrying amount in the consolidated statement of financial position is immaterial

20. Inventories

	Group	
	2017	2016
	RM	
Cost		
Properties held for sale	81,742,358	60,489,103
Raw materials	7,532,594	7,991,474
Work-in-progress	5,404,702	2,866,118
Finished goods	2,544,299	1,389,194
	97,223,953	72,735,889

The Group has pledged the properties held for sale amounting to RM27,952,542 (2016: RM31,476,660), as security for bank facilities (Note 27).

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21. Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
		Restated		
Current				
Trade receivables	37,277,886	44,100,005	320,607	-
Construction contracts:				
Retention sum receivable (Note 23)	5,687,529	4,233,572	-	-
	<u>42,965,415</u>	<u>48,333,577</u>	<u>320,607</u>	<u>-</u>
Less: Allowance for impairment	<u>(6,931,539)</u>	<u>(15,212,947)</u>	<u>-</u>	<u>-</u>
	<u>36,033,876</u>	<u>33,120,630</u>	<u>320,607</u>	<u>-</u>
Other receivables				
Amounts due from related parties:				
Subsidiaries	-	-	156,298,493	160,519,755
Holding corporation	15,779,468	15,776,801	15,776,164	15,776,801
	<u>15,779,468</u>	<u>15,776,801</u>	<u>172,074,657</u>	<u>176,296,556</u>
Deposits	5,083,284	5,725,531	15,900	-
Sundry receivables	8,531,927	9,492,226	564,819	55,364
Goods and Services Tax ("GST") receivable	3,202,321	161,116	2,104,497	-
	<u>32,597,000</u>	<u>31,155,674</u>	<u>174,759,873</u>	<u>176,351,920</u>
Less: Allowance for impairment				
Third parties	(3,970,102)	(8,340,035)	-	-
Subsidiaries	-	-	(13,243,765)	(13,419,491)
Holding corporation	(15,776,164)	(15,776,164)	(15,776,164)	(15,776,164)
	<u>(19,746,266)</u>	<u>(24,116,199)</u>	<u>(29,019,929)</u>	<u>(29,195,655)</u>
	<u>12,850,734</u>	<u>7,039,475</u>	<u>145,739,944</u>	<u>147,156,265</u>
Total trade and other receivables	48,884,610	40,160,105	146,060,551	147,156,265
Add: Cash and bank balances (Note 25)	17,514,244	28,276,025	677,666	279,602
Less: GST receivable	<u>(3,202,321)</u>	<u>(161,116)</u>	<u>(2,104,497)</u>	<u>-</u>
Total loans and receivables	<u>63,196,533</u>	<u>68,275,014</u>	<u>144,633,720</u>	<u>147,435,867</u>

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21. Trade and other receivables (cont'd.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 90 day (2016: 7 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2017	2016
	RM	RM
Neither past due nor impaired	5,265,196	6,406,012
1 to 30 days past due not impaired	1,196,654	1,381,035
31 to 60 days past due not impaired	1,582,554	1,794,135
61 to 90 days past due not impaired	1,254,705	620,162
More than 91 days past due not impaired	26,734,767	22,919,286
	30,768,680	26,714,618
Impaired	6,931,539	15,212,947
	<u>42,965,415</u>	<u>48,333,577</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM30,768,680 (2016: RM26,714,618) that are past due at the reporting date but not impaired.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

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21. Trade and other receivables (cont'd.)

(a) Trade receivables

Trade receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired	
	2017	2016
	RM	RM
Group		
Trade receivables - nominal amounts	6,931,539	15,212,947
Less: Allowance for impairment	<u>(6,931,539)</u>	<u>(15,212,947)</u>
	<u>-</u>	<u>-</u>

Movement in allowance accounts:

	Group	
	2017	2016
	RM	RM
At 1 January	15,212,947	14,403,880
Disposal of a subsidiary	(730,381)	-
Charge for the year (Note 9)	2,421,275	3,145,197
Reversal (Note 9)	(8,693,666)	(744,026)
Written off	<u>(1,278,636)</u>	<u>(1,592,104)</u>
At 31 December	<u>6,931,539</u>	<u>15,212,947</u>

(b) Other receivables

The amounts due from subsidiaries bear interest at 3.0% (2016: 3.0%) per annum. These amounts are unsecured, repayable on demand and to be settled in cash.

The amount due from holding corporation is unsecured, non-interest bearing, repayable on demand and to be settled in cash.

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21. Trade and other receivables (cont'd.)

(b) Other receivables (cont'd.)

Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired			
	Group 2017 RM	2016 RM	Company 2017 RM	2016 RM
Group				
Other receivables				
- nominal amounts	19,746,266	24,116,199	35,060,103	35,039,897
Less: Allowance for impairment	(19,746,266)	(24,116,199)	(29,019,929)	(29,195,655)
	-	-	6,040,174	5,844,242

Movement in allowance accounts:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 January	24,116,199	24,333,073	29,195,655	28,173,670
Charge for the year (Note 9)	1,160,731	257,924	761,527	2,318,168
Reversal (Note 9)	(4,504,451)	-	(19,904)	(1,296,183)
Written off	(980,367)	(474,798)	(917,349)	-
Reclassification to asset held for sale	(45,846)	-	-	-
At 31 December	19,746,266	24,116,199	29,019,929	29,195,655

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22. Other current assets

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Prepaid operating expenses	2,588,805	3,141,826	112,528	131,673
Accrued billings in respect of property development costs	10,517,337	8,515,643	-	-
Amount due from customers for contract (Note 23)	2,042,415	2,099,044	-	-
	<u>15,148,557</u>	<u>13,756,513</u>	<u>112,528</u>	<u>131,673</u>

23. Gross amount due from customers

	Group	
	2017	2016
	RM	RM
Construction contract costs incurred to date	49,658,341	17,864,230
Attributable profit/(loss)	728,707	(725,360)
Less: Provision for foreseeable losses	<u>(550,867)</u>	<u>(550,867)</u>
	49,836,181	16,588,003
Less: Progress billings	<u>(47,793,766)</u>	<u>(14,488,959)</u>
	<u>2,042,415</u>	<u>2,099,044</u>
<i>Presented as:</i>		
Gross amount to customers for contract work (Note 22)	<u>2,042,415</u>	<u>2,099,044</u>
Retention sum on contracts, included within trade receivables (Note 21)	<u>5,687,529</u>	<u>4,233,572</u>

24. Marketable securities

	2017	2016
	RM	RM
<i>Available-for-sale financial assets</i>		
At fair value:		
Shares quoted in Malaysia	8,627	14,368
Unit trusts quoted in Malaysia	450,065	451,272
	<u>458,692</u>	<u>465,640</u>

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25. Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash in hand and at banks	11,975,287	7,975,389	677,666	279,602
Deposits with licensed banks	5,538,957	20,300,636	-	-
Cash and bank balances	<u>17,514,244</u>	<u>28,276,025</u>	<u>677,666</u>	<u>279,602</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 1 day and 365 day depending on the immediate cash requirements of the Group and earn interests at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2017 for the Group was 3.08% (2016: 3.06%) per annum.

Included in cash at banks of the Group is an amount of RM5,357,518 (2016: RM915,240) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

Deposits with licensed banks of the Group amounting to RM4,648,822 (2016: RM4,198,993) are pledged to banks for credit facilities granted to certain subsidiaries (Note 27).

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Cash and bank balances				
- continuing operations	17,514,244	28,276,025	677,666	279,602
- discontinued operation (Note 13)	23,700	-	-	-
	<u>17,537,944</u>	<u>28,276,025</u>	<u>677,666</u>	<u>279,602</u>
Less:				
Bank overdrafts (Note 27)	(41,344,168)	(26,155,168)	-	-
Deposits pledged as securities for bank borrowing	(4,648,822)	(4,918,993)	-	-
Deposits with licensed banks for a period of more than 90 days	-	(852,621)	-	-
Cash and cash equivalents	<u>(28,455,046)</u>	<u>(3,650,757)</u>	<u>677,666</u>	<u>279,602</u>

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26. Retirement benefit obligations

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits with 7.5% of final salary multiplied with plan service with maximum of 360 months payable on attainment of the retirement age of 40 upon completion of 10 or more years of plan service or retirement age.

The following tables summarise the components of net benefit expense recognised in profit or loss and the unfunded status and amounts recognised in the statements of financial position for the plans:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Net benefit expense				
Current service costs	259,556	246,561	120,919	114,080
Interest cost on benefit obligation	211,503	288,027	98,743	265,111
Net benefit expense, included in employee benefits expense (Note 10)	<u>471,059</u>	<u>534,588</u>	<u>219,662</u>	<u>379,191</u>
Benefit liability				
	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Defined benefit obligation represents total benefit liability	<u>4,509,277</u>	<u>4,534,960</u>	<u>2,426,463</u>	<u>2,120,682</u>

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26. Retirement benefit obligations (cont'd.)

Benefit liability (cont'd.)

Changes in present value of defined benefit obligations are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 January	4,534,960	5,753,032	2,120,682	5,062,613
Current service costs	259,556	246,561	120,919	114,080
Interest cost	211,503	288,027	98,743	265,111
Actuarial (gain)/loss on obligation	(213,074)	(1,175,280)	204,145	(3,200,096)
Benefits paid	(283,668)	(577,380)	(118,026)	(121,026)
At 31 December	<u>4,509,277</u>	<u>4,534,960</u>	<u>2,426,463</u>	<u>2,120,682</u>
Analysed as:				
Current	901,359	916,388	380,415	406,695
Non-current	3,607,918	3,618,572	2,046,048	1,713,987
	<u>4,509,277</u>	<u>4,534,960</u>	<u>2,426,463</u>	<u>2,120,682</u>

The principal assumptions used in determining defined benefit plans are shown below:

	2017 %	2016 %
Discount rate	5.15	5.15
Future salary increases	<u>5.00</u>	<u>5.00</u>

The Retirement Benefit Scheme was revalued on 22 January 2018. As at that date, the valuation showed that the Group's provision for retirement benefits was sufficient to meet the actuarially determined value of vested benefits.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting, assuming if all other assumptions were held constant:

	Profit/(loss) net of tax			
	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Discount rate				
- increase by 1% (2016: 1%)	(2,322)	(2,154)	(1,250)	(1,007)
- decrease by 1% (2016: 1%)	<u>2,322</u>	<u>2,154</u>	<u>1,250</u>	<u>1,007</u>

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26. Retirement benefit obligations (cont'd.)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting, assuming if all other assumptions were held constant (cont'd.):

	Profit/(loss) net of tax			
	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Future salary				
- increase by 1% (2016: 1%)	(2,255)	(2,267)	(1,213)	(1,060)
- decrease by 1% (2016: 1%)	2,255	2,267	1,213	1,060

27. Loans and borrowings

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current				
Secured:				
Bank overdrafts	41,344,168	26,155,168	-	-
Revolving credits	1,500,000	2,000,000	-	-
Bankers' acceptances	-	153,000	-	-
Term loans				
- Tawarruq Flexi Term Financing-I (TFTF-i) Cost of Fund ("COF") + 1.50% per annum	20,000,000	-	20,000,000	-
- Loan at Base Funding Rate ("BFR") + 1.00% per annum	1,006,960	828,720	-	-
- Loan at BFR + 1.35% per annum	1,333,340	2,666,664	-	-
- Loan at BFR + 1.50% per annum	1,315,516	2,329,045	-	-
- Loan at BFR - 1.50% per annum	435,211	409,321	-	-
- Loan at BFR - 1.90% per annum	2,538,654	2,437,784	-	-
- Loan at Base Lending Rate ("BLR") + 1.25% per annum	-	3,552,920	-	-
- Loan at 2.5% above the base rate per annum	12,519,006	13,506,824	-	-
Obligations under finance leases (Note 28(b))	184,275	177,947	164,852	159,647
Redeemable preference shares	26,702,269	-	-	-
	<u>108,879,399</u>	<u>54,217,393</u>	<u>20,164,852</u>	<u>159,647</u>

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27. Loans and borrowings (cont'd.)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-current				
Secured:				
Term loans				
- Tawarruq Flexi Term Financing-I (TFTF-i) COF + 1.50% per annum	-	20,000,000	-	20,000,000
- Loan at BFR + 1.00% per annum	1,406,578	3,347,846	-	-
- Loan at BFR + 1.35% per annum	-	1,333,340	-	-
- Loan at BFR + 1.50% per annum	4,605,102	5,951,849	-	-
- Loan at BFR - 1.50% per annum	1,399,355	1,831,715	-	-
- Loan at BFR - 1.90% per annum	10,207,722	12,783,600	-	-
Rainbow Exchangeable Bonds (Note 29)			-	-
Obligations under finance leases (Note 28(b))	298,692	723,554	250,900	415,762
Redeemable preference shares	-	21,348,356	-	-
	<u>17,917,449</u>	<u>67,320,260</u>	<u>250,900</u>	<u>20,415,762</u>
	<u>126,796,848</u>	<u>121,537,653</u>	<u>20,415,752</u>	<u>20,575,409</u>

The remaining maturities of the loans and borrowings as at 31 December 2017 are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Maturity of borrowings:				
On demand or within one year	108,879,399	54,217,393	20,164,852	159,647
More than 1 year and less than 2 years	5,550,880	12,831,220	250,900	6,831,525
More than 2 years and less than 5 years	11,587,334	47,409,282	-	13,562,220
5 years or more	779,235	7,079,758	-	22,017
	<u>126,796,848</u>	<u>121,537,653</u>	<u>20,415,752</u>	<u>20,575,409</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****27. Loans and borrowings (cont'd.)**Bank overdrafts

The bank overdrafts of the Group are secured against the land registered under the name of the holding corporation, first legal charge over long term leasehold land (Note 15) of certain subsidiaries, fixed and floating charges over certain assets of subsidiaries and corporate guarantee by a subsidiary and the Company. The weighted average effective interest as at 31 December 2017 for the Group was 8.31% (2016: 8.43%) per annum.

Revolving credits

The secured revolving credits of the Group are for a period of six months and are secured against fixed legal charge over certain leasehold land (Note 15) of a subsidiary and corporate guarantee by the Company. The weighted average effective interest as at 31 December 2017 for the Group was 9.03% (2016: 7.26%) per annum.

Tawarruq Flexi Term Financing-I (TFTF- i)

The secured term loan is charged over certain properties with an Open Market Value of not less than RM60,000,000. The weighted average effective interest as at 31 December 2017 for the Group was 5.66% (2016: 5.90%) per annum.

Bankers' acceptances

The secured bankers' acceptances of the Group are secured by certain assets of a subsidiary and is guaranteed by the Company. The weighted average effective interest as at 31 December 2016 for the Company was 5.10% per annum.

Term loans

- Loan at BFR + 1.00% per annum
- Loan at BFR + 1.35% per annum
- Loan at BFR + 1.50% per annum
- Loan at BFR - 1.50% per annum
- Loan at BFR - 1.90% per annum
- Loan at BLR + 1.25% per annum
- Loan at BLR + 1.50% per annum

The term loans are secured by the following:

- (a) First legal charge over the freehold land and leasehold land of certain subsidiaries;
- (b) Fixed and floating charges over certain assets (Note 15, Note 16 and Note 17) of subsidiaries;
- (c) Corporate guarantee by a subsidiary and the Company.

The loan at +2.5% above BLR has been fully settled in current financial year.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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27. Loans and borrowings (cont'd.)

Term loans (cont'd.)

- Loan at prime + 2.0% per annum

In prior year the loan is secured by the following:

- (a) Corporate guarantee from the Company; and
- (b) 30.87% of ordinary shares held in CRH Africa Automotive (Pty) Ltd.

- Loan at prime overdraft rate - 0.7% per annum

In prior year, the loan was secured by fixed and floating charges over certain assets of subsidiaries. The loan has been fully settled in current financial year.

- Loan at 2.5% above the base rate per annum

The loan is secured by corporate guarantee from the Company.

The weighted average effective interest as at 31 December 2017 for the Group was 6.28% (2016: 6.95%) per annum. The repayment periods of the Group's term loans are ranging from 1 year to 6 years.

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 14). The weighted average effective interest as at 31 December 2017 for the Group and the Company were 2.08% (2016: 6.58%) per annum and 2.75% (2016: 2.75%) per annum respectively.

Redeemable preference shares

On 26 June 2015, a redeemable preference share ("RPS") subscription agreement between Botswana Development Corporation ("BDC") and Pasdec Automotive Technologies (Botswana) Pty. Ltd. ("PAT BW") has been signed to provide funding to PAT BW of BWP52,100,000.

	Group			
	Number of RPS		Amount	
	2017	2016	2017	2016
			RM	RM
Authorised				
At 1 January	52,100,000	52,100,000	21,348,356	20,867,927
Exchange differences	-	-	3,739,872	480,429
At 31 December	<u>52,100,000</u>	<u>52,100,000</u>	<u>25,088,228</u>	<u>21,348,356</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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27. Loans and borrowings (cont'd.)

Redeemable preference shares (cont'd.)

The amounts recognised in the statement of financial position of the Group may be analysed as follows:

	Group		Amount	
	Number of RPS 2017	2016	2017 RM	2016 RM
Nominal value - issued and fully paid				
At 1 January	52,100,000	52,100,000	21,348,356	20,867,927
Exchange differences	-	-	3,739,872	480,429
At 31 December	<u>52,100,000</u>	<u>52,100,000</u>	<u>25,088,228</u>	<u>21,348,356</u>

The salient features of the RPS issued by PAT BW are as follows:

- (i) The Company provides irrevocable corporate guarantee to PAT BW in favour of BDC.
- (ii) The redemption amount is the subscribe price aggregate multiplied by 110% and cumulative dividend at 4.0% per annum at the earlier of an event of default or third anniversary of issuance of RPS.
- (iii) Financial covenant which stated that the net assets value of the Company shall be at least 2 times redemption amount.
- (iv) Plant leasing which is located at Lobatse Clay Works by PAT BW from Western Industrial Estates (Proprietary) Limited ("WIEPL") (BDC's wholly owned subsidiary), for a ten years lease. WIEPL will fund the refurbishment of the Lobatse Clay Works property and customise it to PAT BW's requirements. In the event that PAT BW relocates or vacates the premises within 10 years of the date of occupation, it will be liable to pay all the rentals payable for the remaining lease period.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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27. Loans and borrowings (cont'd.)

Changes in liabilities arising from financing activities

Group	At 1 January 2017 RM'000	Exchange difference/ net addition/ (repayment) 2017 RM'000	At 31 December 2017 RM'000
Obligations under hire purchase and finance lease	901,501	(418,534)	482,967
Term loans:			
- TTFI COF + 1.50% per annum	20,000,000	-	20,000,000
- Loan at BFR + 1.00% per annum	4,176,566	(1,763,028)	2,413,538
- Loan at BFR + 1.35% per annum	4,000,004	(2,666,664)	1,333,340
- Loan at BFR + 1.50% per annum	8,280,894	(2,360,276)	5,920,618
- Loan at BFR - 1.50% per annum	2,241,036	(406,470)	1,834,566
- Loan at BFR - 1.90% per annum	15,221,384	(2,475,008)	12,746,376
- Loan at Based Lending Rate ("BLR") + 1.25% per annum	3,552,920	(3,552,920)	-
- Loan at 2.5% above the base rate per annum	13,506,824	(987,818)	12,519,006
Bank overdraft	26,155,168	15,189,000	41,344,168
Revolving credits	2,000,000	(500,000)	1,500,000
Bankers' acceptances	153,000	(153,000)	-
Redeemable preference shares	21,348,356	5,353,913	26,702,269
	121,537,653	5,259,195	126,796,848
Company			
Obligations under hire purchase and finance lease	575,409	(159,657)	415,752
Bank loans:			
- TTFI COF + 1.50% per annum	20,000,000	-	20,000,000
	20,575,409	(159,657)	20,415,752

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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28. Commitments

(a) Operating lease commitments – as lessee

The Group has entered into commercial lease on office properties. Leases are negotiated for an average term of seven years. Rentals are fixed for an average of three years.

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2017	2016
	RM	RM
Not later than 1 year	59,556	948,080
Later than 1 year but not later than 5 years	238,226	1,757,412
Later than 5 years	-	76,286
	<u>297,782</u>	<u>2,781,778</u>

(b) Finance lease commitments

The Group has finance leases for certain items of plant and equipment and furniture and fixtures (Note 15). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Minimum lease payments:				
Not later than 1 year	202,802	205,908	180,242	185,285
Later than 1 year and not later than 5 years	314,908	707,449	264,165	421,750
Later than 5 years	-	50,838	-	20,720
	<u>517,710</u>	<u>964,195</u>	<u>444,407</u>	<u>627,755</u>
Less: Future finance charges	<u>(34,743)</u>	<u>(62,694)</u>	<u>(28,655)</u>	<u>(52,346)</u>
Present value of lease liabilities	<u>482,967</u>	<u>901,501</u>	<u>415,752</u>	<u>575,409</u>
Analysed as:				
Secured				
Current (Note 27)	184,275	177,947	164,852	159,647
Unsecured	298,692	723,554	250,900	415,762
	<u>482,967</u>	<u>901,501</u>	<u>415,752</u>	<u>575,409</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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28. Commitments (cont'd.)

(c) Capital commitments

	Group 2017 RM	2016 RM
Capital expenditure		
Approved and contracted for:		
Property plant and equipment	79,649,636	75,234,596

29. Trade and other payables

	Group 2017 RM	2016 RM	Company 2017 RM	2016 RM
Current				
Trade payables				
Third parties	68,391,349	52,844,738	12,890	-
Other payables				
Amounts due to				
Due to a corporate shareholder of subsidiary companies	-	-	-	-
Due to a director	-	-	-	-
Due to other related companies	-	-	-	-
- subsidiaries	-	-	3,334,178	2,376,134
- holding corporation	2,992,694	2,452,538	2,074	-
Sundry payables	32,270,728	27,567,497	5,531,718	2,581,855
GST payable	17,725	59,781	-	5,897
Accruals	8,780,553	4,869,084	652,880	659,110
	<u>44,061,700</u>	<u>34,948,900</u>	<u>9,520,850</u>	<u>5,622,996</u>
	<u>112,453,049</u>	<u>87,793,638</u>	<u>9,533,740</u>	<u>5,622,996</u>
Non-current				
Other payables	6,917,364	9,315,652	-	-
Total trade and other payables	119,370,413	97,109,290	9,533,740	5,622,996
Add: Loans and borrowings (Note 27)	126,796,848	121,537,653	20,415,752	20,575,409
Less: GST payable	(17,725)	(59,781)	-	(5,897)
Total financial liabilities carried at amortised cost	<u>246,149,536</u>	<u>218,587,162</u>	<u>29,949,492</u>	<u>26,192,508</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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29. Trade and other payables (cont'd.)

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit term granted to the Group ranges from 30 to 90 days (2016: 30 to 90 days).

(b) Amount due to holding company

The amount due to holding company is unsecured, non-interest bearing, repayable on demand and to be settled in cash.

(c) Other payables

Current

These amounts are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Non-current

Other payables amounting to RM5,000,000 (2016: RM5,000,000) bear interest of 5.0% (2016: 5.0%) per annum and are secured by way of RM5,000,000 face value of shares in Pasdec Resources S.A. Limited ("PRSA"). The amount is repayable on the fifth year from 29 April 2013, the date of agreement. In financial year ended 31 December 2017, the amount has been classified as other current payables.

The remaining other payable is non-interest bearing and secured by an equity interest in a subsidiary of PRSA. In current financial year, the amount has been classified as current as it shall be due payable on 28 April 2018.

30. Share capital

	Number of ordinary shares Group and Company	
	2017	2016
Issued and fully paid		
1 January	205,978,000	205,978,000
Issued for acquisition of properties*	80,000,000	-
31 December	<u>285,978,000</u>	<u>205,978,000</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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30. Share capital (cont'd.)

	Amount			
	Group 2017 RM	2016 RM	Company 2017 RM	2016 RM
Issued and fully paid				
1 January	205,978,000	205,978,000	205,978,000	205,978,000
Issued for acquisition of properties*	44,390,000	-	44,390,000	-
Transitional to no-par value regime on 31 January 2017**	43,007,997	-	45,515,750	-
31 December	<u>293,375,997</u>	<u>205,978,000</u>	<u>295,883,750</u>	<u>205,978,000</u>

Share premium

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
1 January	43,007,997	43,007,997	45,515,750	45,515,750
Transitional to no-par value regime on 31 January 2017**	(43,007,997)	-	(45,515,750)	-
31 December	<u>-</u>	<u>43,007,997</u>	<u>-</u>	<u>45,515,750</u>

* During the financial year, the Company increased its issued and paid-up ordinary share capital from RM205,978,000 to RM250,368,000 by way of issuance of 80,000,000 ordinary shares ("Consideration Share(s)") as purchase consideration for the acquisition of properties during the financial year. The Directors estimated the fair value of the properties to be RM44,390,000 based on the valuation carried out by an independent valuer which form the fair value of the Consideration Shares.

** In accordance with Section 74 of the Companies Act 2016, the Group's and the Company's ordinary shares no longer have a par or nominal value with effect from 31 January 2017. Pursuant to Section 618 of the Companies Act 2016, the amount standing to the credit of the Group's and of the Company's share premium became part of the Group's and of the Company's share capital. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members of the Group and of the Company.

Under the Companies Act 2016 in Malaysia which came into effect on 31 January 2017, the concept of authorised share capital no longer exists.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

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**Pasdec Holdings Berhad
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31. Other reserves

Group	Fair value adjustment reserve RM	Foreign currency translation reserve RM	Premium paid on acquisition of non-controlling interest RM	Others RM	Total RM
At 1 January 2017	16,663	(14,101,626)	(9,898,271)	(2,541,273)	(26,524,507)
Other comprehensive income:					
Available-for-sale financial assets:					
Loss on fair value changes	(6,947)	-	-	-	(6,947)
Foreign currency translation	-	877,063	-	-	877,063
Add: Non-controlling interest	-	121,600	-	-	121,600
	(6,947)	998,663	-	-	991,716
At 31 December 2017	9,716	(13,102,963)	(9,898,271)	(2,541,273)	(25,532,791)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

31. Other reserves (cont'd.)

	Fair value adjustment reserve RM	Foreign currency translation reserve RM	Premium paid on acquisition of non-controlling interest RM	Others RM	Total RM
At 1 January 2016	37,005	(10,984,030)	(9,898,271)	-	(20,845,296)
Other comprehensive income:					
Available-for-sale financial assets:					
Loss on fair value changes	(20,342)	-	-	-	(20,342)
Share of other comprehensive loss of associate	-	-	-	(2,541,273)	(2,541,273)
Foreign currency translation	-	(3,171,524)	-	-	(3,171,524)
Less: Non-controlling interest	-	53,928	-	-	53,928
	(20,342)	(3,117,596)	-	(2,541,273)	(5,679,211)
At 31 December 2016	16,663	(14,101,626)	(9,898,271)	(2,541,273)	(26,524,507)

Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposed or impaired.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Others

The others represent share of capital reserve and share option reserve of an associate.

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**Pasdec Holdings Berhad
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32. Deferred tax

Deferred income tax as at 31 December relates to the following:

Group	As at 1 January 2016 RM	Recognised in profit or loss (Note 12) RM	Exchange differences RM	As at 31 December 2016 RM	Recognised in profit or loss (Note 12) RM	Exchange differences RM	As at 31 December 2017 RM
Deferred tax liabilities:							
Property, plant and equipment	1,323,641	(240,121)	27,912	1,111,432	(1,111,432)	-	-
Deferred tax assets:							
Provision and others	(558,346)	492,299	(11,855)	(77,902)	77,902	-	-
Unutilised tax losses and unabsorbed capital allowances	(6,396,886)	6,086,177	(722,821)	(1,033,530)	(4,615,656)	(54,073)	(5,703,259)
	(6,955,232)	6,578,476	(734,676)	(1,111,432)	(4,537,754)	(54,073)	(5,703,259)
	(5,631,591)	6,338,355	(706,764)	-	(5,649,186)	(54,073)	(5,703,259)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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32. Deferred tax (cont'd.)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2017	2016
	RM	RM
Unrecognised tax losses	48,095,454	71,844,341
Unabsorbed capital allowances	14,396	471,188
Provisions and others	43,432,927	40,376,582
	<u>91,542,777</u>	<u>112,692,111</u>

Deferred tax assets have not been recognised in respect of these items as they have arisen in companies that have a recent history of losses or in companies where future taxable profits may be insufficient to trigger the utilisation of these items.

33. Contingent liabilities

As at 31 December 2017, the Group's total amount of bank guarantees to third parties was RM29,698,242 (2016: RM4,062,989). The fair value of bank guarantees are almost zero as the risk of default is remote.

34. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Holding corporation				
- office rental and service charge	509,976	509,976	251,520	251,520
Subsidiaries				
- interest income	-	-	(2,360,709)	(1,070,013)
- management fee income	-	-	(1,406,078)	(2,089,675)
Rental paid to a shareholder of subsidiary	228,310	184,460	-	-
Rental paid to a related party	971,345	783,817	-	-
	<u>107</u>	<u>188</u>	<u>-</u>	<u>-</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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34. Related party transactions (cont'd.)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management of the Group and of the Company during the year was as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Short-term employee benefits	3,215,156	3,070,946	1,279,792	1,531,638
Post-employment benefits				
- Defined contribution plan	86,496	91,520	58,656	56,278
- Defined benefit plan	6,383	16,948	6,383	9,406
	<u>3,308,035</u>	<u>3,179,414</u>	<u>1,344,831</u>	<u>1,597,322</u>

Included in the total key management personnel are:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors' remuneration	<u>2,377,411</u>	<u>1,036,984</u>	<u>771,312</u>	<u>1,033,484</u>

35. Fair value of financial instruments

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Note	Group		Company	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
2017					
Financial liabilities:					
Loans and borrowings (non-current)					
- Obligations under finance leases	27	298,692	260,051	250,900	196,168
Other payables (non-current)	29	<u>6,917,364</u>	<u>10,939,113</u>	<u>-</u>	<u>-</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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35. Fair value of financial instruments (cont'd.)

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (cont'd.)

		Group		Company	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
2016					
Financial liabilities:					
Loans and borrowings (non-current)					
- Obligations under finance leases	27	723,554	629,950	415,762	325,066
- Redeemable preference shares	27	21,348,356	20,527,265	-	-
Other payables (non-current)	29	9,315,652	8,260,969	-	-

B. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	21
Trade and other payables	29
Loans and borrowings (current and non-current)	27

The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values due to their short term nature.

The carrying amounts of current and non-current loans and borrowings and other payables are reasonable approximations of fair values due to the insignificant impact of discounting.

Financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair values of non-current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

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**Pasdec Holdings Berhad
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35. Fair value of financial instruments (cont'd.)

B. Determination of fair value (cont'd.)

Amounts due from/to subsidiaries

The carrying amounts of amounts due from/to subsidiaries are reasonable approximations of fair values due to the insignificant impact of discounting and short term nature.

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

	Note	Level 1 RM
31 December 2017		
Financial asset:		
Equity instruments available-for-sale (quoted)	24	<u>458,692</u>
31 December 2016		
Financial asset:		
Equity instruments available-for-sale (quoted)	24	<u>465,640</u>

36. Retained earnings

As at 31 December 2017, the Company may distribute dividends out of its entire retained earnings under the single tier system.

37. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, market price risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Executive Officer and Senior Vice Presidents. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

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**Pasdec Holdings Berhad
(Incorporated in Malaysia)****37. Financial risk management objectives and policies (cont'd.)**

It is, and has been throughout the current and previous financial year, the Group's and the Company's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Senior Vice President Corporate Resources. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

37. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group at the reporting date is as follows:

	Group			
	2017		2016	
	RM	% of total	RM	% of total
By industry sectors:				
Property development	18,052,332	50.1%	21,296,928	64.3%
Manufacturing	2,664,727	7.4%	671,215	2.0%
Construction	14,761,447	41.0%	10,205,812	30.8%
Others	555,370	1.5%	946,675	2.9%
	<u>36,033,876</u>	<u>100.0%</u>	<u>33,120,630</u>	<u>100.0%</u>
By country:				
Malaysia	33,369,149	92.6%	32,449,415	98.0%
South Africa	2,664,727	7.4%	671,215	2.0%
	<u>36,033,876</u>	<u>100.0%</u>	<u>33,120,630</u>	<u>100.0%</u>

At the reporting date, none of the Group's trade and other receivables were due from related parties while almost all of the Company's receivables were balances with related parties.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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37. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

At the reporting date, approximately 66% (2016: 45%) of the Group's loans and borrowings (Note 27) will mature in less than one year based on the carrying amount reflected in the financial statements. 99% (2016: 1%) of the Company's loans and borrowings will mature in less than one year at the reporting date.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	----- 2017 -----			
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities:				
Trade and other payables	112,435,324	6,917,364	-	119,352,688
Loans and borrowings	110,180,005	19,341,273	784,539	130,305,817
Total undiscounted financial liabilities	<u>222,615,329</u>	<u>26,258,637</u>	<u>784,539</u>	<u>249,658,505</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31
DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

**Pasdec Holdings Berhad
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37. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd.)

	----- 2016 -----			
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities:				
Trade and other payables	87,793,638	9,565,652	-	97,359,290
Loans and borrowings	55,763,574	66,017,221	14,894,449	136,675,244
Total undiscounted financial liabilities	143,557,212	75,582,873	14,894,449	234,034,534

	----- 2017 -----			
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Company				
Financial liabilities:				
Trade and other payables	9,533,740	-	-	9,533,740
Loans and borrowings	20,180,242	264,165	-	20,444,407
Total undiscounted financial liabilities	29,713,982	264,165	-	29,978,147

	----- 2016 -----			
	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Company				
Financial liabilities:				
Other payables	5,622,996	-	-	5,622,996
Loans and borrowings	185,285	20,421,750	20,720	20,627,755
Total undiscounted financial liabilities	5,808,281	20,421,750	20,720	26,250,751

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****37. Financial risk management objectives and policies (cont'd.)****(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings, loans at floating rates given to related parties and investments in equity securities classified as available-for-sale. The Company's loans at floating rate given to subsidiaries form a natural hedge for its non-current floating rate bank loan.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings to achieve the overall cost effectiveness.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 (2016: 50) basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM283,837 (2016: RM354,898) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on Bursa Malaysia. These instruments are classified as held for trading or available-for-sale financial assets. The Group does not have exposure to commodity price risk.

(e) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily South African Rand ("ZAR") and Botswana Pula ("BWP"). The foreign currencies in which these transactions are denominated are mainly ZAR and BWP.

Approximately 41% (2016: 38%) of the Group's sales are denominated in foreign currencies whilst all costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the reporting date have similar exposures.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

37. Financial risk management objectives and policies (cont'd.)

(e) Foreign currency risk (cont'd.)

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency net credit balances (mainly in ZAR and BWP) amounted to RM388,129 (2016: RM947,305) and RM807 (2016: RM270,841) respectively.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the ZAR and BWP exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Profit/(loss) net of tax	
	2017	2016
	RM	RM
ZAR/RM - strengthened 3% (2016: 3%)	39,397	232,371
- weakened 3% (2016: 3%)	(39,397)	(232,371)
BWP/RM - strengthened 3% (2016: 3%)	(3,558)	(386,194)
- weakened 3% (2016: 3%)	3,558	386,194

38. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 31 December 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent less the fair value adjustment reserve.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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38. Capital management (cont'd.)

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Loans and borrowings	27	126,796,848	121,537,653	20,415,752	20,575,409
Trade and other payables	29	119,370,413	97,109,290	9,533,740	5,622,996
Less:					
- Cash and bank balances	25	(17,514,244)	(28,276,025)	(677,666)	(279,602)
Net debt		<u>228,653,017</u>	<u>190,370,918</u>	<u>29,271,826</u>	<u>25,918,803</u>
Equity attributable to the owners of the parent		324,142,593	273,872,045	308,755,417	269,816,488
Less: Fair value adjustment reserve	31	(9,716)	(16,663)	-	-
Total capital		<u>324,132,877</u>	<u>273,855,382</u>	<u>308,755,417</u>	<u>269,816,488</u>
Capital and net debt		<u>552,785,894</u>	<u>464,226,300</u>	<u>338,027,243</u>	<u>295,735,291</u>
Gearing ratio		<u>41%</u>	<u>41%</u>	<u>9%</u>	<u>9%</u>

39. Segment information

For management purposes, the Group is organised into business units based on its products and services, and has five reportable operating segments as follows:

- I. Investment holding - provision of management services;
- II. Property development - the development of residential and commercial properties;
- III. Construction - construction of residential and commercial properties;
- IV. Manufacturing - manufacture of automotive related products;
- V. Others - value engineering and consultancy services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a Group basis and are not allocated to operating segments.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Pasdec Holdings Berhad
(Incorporated in Malaysia)

39. Segment information (cont'd.)

	Investment holding RM	Property development RM	Construction RM	Manufacturing RM	Others RM	Total RM	Elimination RM	Note	Consolidated RM
31 December 2017									
Revenue									
- Sales to external customers	1,265,212	51,080,170	1,453,682	58,851,878	2,795,944	115,446,886	-		115,446,886
- Inter-segment sales	1,406,078	8,304	3,515,858	-	566,466	5,496,706	(5,496,706)	A	-
Total revenue	2,671,290	51,088,474	4,969,540	58,851,878	3,362,410	120,943,592	(5,496,706)		115,446,886
Results									
Depreciation	724,732	610,801	131,393	1,996,067	145,258	3,608,251	-		3,608,251
Share of results of associates	-	-	-	76,184	-	76,184	(989,264)		(913,080)
Other non-cash expenses	981,189	7,409,388	330,781	-	114,882	8,836,240	(763,493)	B	8,072,747
(Loss)/profit before tax	(5,246,926)	13,636,070	(42,982)	(7,227,009)	297,923	1,417,076	30,440	C	1,447,516
Assets									
Investments in associates	-	4,756,750	-	19,308,137	-	24,064,887	(3,913,562)		20,151,325
Addition to non-current assets	44,018,826	8,377,917	245	16,442,222	2,740,158	71,579,368	-	D	71,579,368
Segment assets	341,131,372	490,580,682	22,799,278	77,568,251	21,616,629	953,696,212	(380,684,003)	E	573,012,209
Liabilities									
Segment liabilities	31,883,140	245,437,261	33,177,114	122,980,289	16,261,968	449,739,772	(199,031,584)	F	250,708,188

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Pasdec Holdings Berhad
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39. Segment information (cont'd.)

	Investment holding RM	Property development RM	Construction RM	Manufacturing RM	Others RM	Total RM	Elimination RM	Note	Consolidated RM
31 December 2016									
Revenue									
- Sales to external customers	-	64,875,836	1,959,384	46,809,265	3,735,393	117,379,878	-		117,379,878
- Inter-segment sales	18,389,675	-	3,531,631	-	581,476	22,502,782	(22,502,782)	A	-
Total revenue	18,389,675	64,875,836	5,491,015	46,809,265	4,316,869	139,882,660	(22,502,782)		117,379,878
Results									
Depreciation	244,925	634,824	130,191	1,110,382	182,894	2,303,216	-		2,303,216
Share of results of associates	-	-	-	3,082,524	-	3,082,524	(1,109,519)		1,973,005
Other non-cash expenses	8,442,580	4,381,425	242,685	-	748,096	13,814,786	(8,539,764)	B	5,275,022
(Loss)/profit before tax	(1,910,646)	4,892,553	(2,907,930)	(14,119,743)	(867,339)	(14,913,105)	(5,618,432)	C	(20,531,537)
Assets									
Investments in associates	-	4,956,750	-	17,686,226	-	22,642,976	(3,124,284)		19,518,692
Addition to non-current assets	35,720	1,293,536	12,252	11,723,306	2,811,166	15,875,980	(3,050,957)	D	12,825,023
Segment assets	298,137,072	499,530,119	15,868,757	61,191,989	15,088,375	889,816,312	(392,945,216)	E	496,871,096
Liabilities									
Segment liabilities	28,319,087	257,004,847	26,203,609	88,178,239	17,055,556	416,761,338	(193,555,669)	F	223,205,669

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

39. Segment information (cont'd.)

- A Inter-segment revenues are eliminated on consolidation.
- B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2017 RM	2016 RM
Impairment of financial assets	9	3,582,006	3,403,121
Provision for liquidated ascertained damages	9	4,019,682	1,337,313
Increase in liability for defined benefit plan	10	471,059	534,588
		<u>8,072,747</u>	<u>5,275,022</u>

- C The following items are (deducted from)/added to segment profit/(loss) to arrive at "Profit/(loss) before tax" presented in the consolidated statement of comprehensive income:

	2017 RM	2016 RM
Share of results of associates	(989,264)	(1,109,519)
Profit from inter-segment sales	1,019,704	(4,508,913)
Finance income	(2,733,917)	(1,893,658)
Finance costs	2,733,917	1,893,658
	<u>30,440</u>	<u>(5,618,432)</u>

- D Additions to non-current assets consist of:

	2017 RM	2016 RM
Property, plant and equipment	26,120,932	12,825,023
Land held for property development	8,368,436	-
Investment properties	37,090,000	-
	<u>71,579,368</u>	<u>12,825,023</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

39. Segment information (cont'd.)

- E The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2017	2016
	RM	RM
Investments in associates	(3,913,562)	(3,124,284)
Investments in subsidiaries	(202,485,726)	(202,485,726)
Inter-segment assets	(174,284,715)	(187,335,206)
	<u>(380,684,003)</u>	<u>(392,945,216)</u>

- F The following item is deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2017	2016
	RM	RM
Inter-segment liabilities	<u>(199,031,584)</u>	<u>(193,555,669)</u>

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenues		Non-current assets	
	2017	2016	2017	2016
	RM	RM	RM	RM
Malaysia	56,284,531	70,570,613	224,532,475	169,278,547
South Africa	59,162,355	46,809,265	47,007,807	28,991,559
	<u>115,446,886</u>	<u>117,379,878</u>	<u>271,540,282</u>	<u>198,270,106</u>

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	2017	2016
	RM	RM
Property, plant and equipment	43,374,087	21,927,105
Land held for property development	142,938,334	133,611,510
Investment properties	58,914,585	22,747,159
Investments in associates	20,151,325	19,518,692
Marketable securities	458,692	465,640
Deferred tax assets	5,703,259	-
	<u>271,540,282</u>	<u>198,270,106</u>

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****40. Prior year adjustments and comparatives****(a) Government grant granted to Pasdec Automotive Technologies (Pty) Ltd. ("PAT")**

In prior years, PAT was granted a government grant by the Department of Trade and Industry ("DTI") for purchases of machinery and tooling for new projects. PAT has made a total claim of RM1,267,184, of which RM5687,078 was received in 2014 and 2015. In 2016, DTI announced that the allocated fund for this grant had been fully disbursed and DTI would no longer settle any unpaid claims made by any approved parties. Accordingly, the remaining balance of RM700,106 should have been impaired in the financial year ended 31 December 2016, but was erroneously omitted. The effects of the impairment of the grant receivable are disclosed in Note 40 (i) to (iv).

(b) Pasdec Automotive Technologies Botswana (Pty) Ltd. ("PAT BW")Refurbishment expenditure

In 2016, PAT BW received funds from Botswana Development Corporation ("BDC") for refurbishment works on floor repair and paint of PAT BW's plant. However, due to changes in circumstance, PAT BW returned a sum of RM1,385,673 to BDC. The returned sum was erroneously recorded as an amount due from BDC. This amount should have been expensed to the profit or loss in the financial year ended 31 December 2016.

Prepayment of training expenses

In 2015, PAT BW made a prepayment for a training of its skilled workers of RM1,198,114. The trainings took place between January 2016 and March 2016. However, the prepayment was not expensed to the profit or loss in the financial year ended 31 December 2016.

The effects of the above matters are disclosed in Note 40 (i) to (iv).

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)**

40. Prior year adjustment and comparative (cont'd.)

The effects of the above are adjusted in prior year are disclosed in Note 40 (i) to (iv).

(i) Reconciliation adjustments to the statement of financial position as at 31 December 2016

	As previously stated 31 December 2016 RM	Note 40 (a) RM	Note 40 (b) RM	As restated 31 December 2016 RM
Group:				
Trade and other receivables	43,443,998	(700,106)	(2,583,787)	40,160,105

(ii) Reconciliation adjustments to the statement of comprehensive income for the year ended 31 December 2016

	As previously stated 31 December 2016 RM	Note 40 (a) RM	Note 40 (b) RM	As restated 31 December 2016 RM
Group:				
Other expenses	(29,201,015)	(700,106)	(2,583,787)	(32,484,908)
Loss net of tax	(24,040,101)	(700,106)	(2,583,787)	(27,323,994)

(iii) Reconciliation adjustments to the statement of cash flows for the financial years ended 31 December 2016

The prior year adjustments do not result in material differences to the Group's statement of cash flows.

(iv) Reconciliation adjustments to the statement of changes in equity for the financial years ended 31 December 2016

	Group 31 December 2016 RM
Decrease in trade and other receivables	(3,283,893)
Decrease in retained earnings	(3,283,893)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
(Incorporated in Malaysia)****41. Significant and subsequent events**Significant events

(a) On 9 June 2017, the Company has completed an acquisition of properties which form part of a corporate exercise as referred below:

- (i) Proposed acquisition by the Company of 12 parcels of office units in Menara Zenith, a multi-storey office building located in Kuantan, Pahang from Jasa Imani Sdn. Bhd. for an aggregate consideration of RM40,000,000, which is to be fully satisfied via the issuance of 80,000,000 new ordinary shares ("Consideration Share(s)") in the Company ("Acquisition").

Pursuant to the completion of the acquisition, the Company has issued and allotted to Jasa Imani Sdn. Bhd. the Consideration Shares which were listed and quoted on the Main Market of Bursa Securities with effect from 9 June 2017.

- (ii) Proposed renounceable rights issue of 114,391,200 new ordinary shares on the basis of 2 rights shares for every 5 existing ordinary shares held after the proposed acquisition, together with 114,391,200 free detachable warrants, on the basis of 1 warrant for every 1 rights share subscribed, at an issue price of RM0.35 per Rights Share ("Rights Issue with Warrants").

On 17 April 2018, Bursa Securities had granted the Company an extension of time until 13 June 2018 to complete the Rights Issue with Warrants.

- (b) The Company had on 13 December 2017 entered into a Share Sale Agreement with BIT Group Sdn. Bhd. ("BIT") for the disposal of 2,000,002 ordinary shares representing 100% equity interest held by the Company in Prima Net Technologies Sdn. Bhd. ("Prima Net") for a total of RM535,587 of cash and debt settlement. BIT has taken over the management and operations of Prima Net in October 2017 where from this point, the Group no longer controlled Prima Net and the parent-wholly owned subsidiary relationship ceased to exist. Therefore, the disposal of Prima Net is deemed completed during the year.

Subsequent event

On 26 March 2018, a subsidiary, Pasdec Corporation Sdn. Bhd. entered into a Share Purchase Agreement for the disposal of 400,000 ordinary shares representing 40% equity interest in Genting View Resort Development Sdn. Bhd. to the 60% shareholder, Malaysia Land Development Company Berhad, for a total consideration of RM1.00.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**Pasdec Holdings Berhad
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42. Comparative

Certain comparative figures have been reclassified to conform with current year's presentation.

43. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 30 April 2018.

DIRECTORS' REPORT



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Jalan Mahkota, 25000 Kuantan
Pahang Darul Makmur, Malaysia
Tel : 09-513 3888
Fax : 09-514 5988
www.pasdec.com.my

Date: 2 May 2018

To: The shareholders of Pasdec Holdings Berhad ("PASDEC" or "Company")

Dear Sir / Madam,

On behalf of the Board of Directors of PASDEC ("**Board**"), I wish to report that after making due enquiries in relation to PASDEC and its subsidiary companies ("**Group**") during the period between 31 December 2017, being the date on which the latest audited consolidated financial statements have been made up, and up to the date of this letter, being a date not earlier than fourteen (14) days before the issuance of this Abridged Prospectus, that:-

- (a) the business of our Group has, in the opinion of our Board, been satisfactorily maintained;
- (b) in the opinion of our Board, no circumstances have arisen since the last audited consolidated financial statements of our Group, which have adversely affected the trading or the value of the assets of our Group;
- (c) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in Section 9.4 of this Abridged Prospectus, there are no material contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;
- (e) there have been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings in our Group since the last audited consolidated financial statements of PASDEC; and
- (f) save as disclosed in Section 6.1.1 of this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the last audited consolidated financial statements of PASDEC.

Yours faithfully,
for and on behalf
PASDEC HOLDINGS BERHAD

DATO' INDERA HAJJI ABDUL RAHIM BIN MOHD ALI
Director

ADDITIONAL INFORMATION

1. SHARE CAPITAL

- (i) Save for the Rights Shares and Warrants, no securities shall be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.
- (ii) As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares, all of which rank *pari passu* with one another.
- (iii) All the Rights Shares and new Pasdec Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the existing share capital, save and except that the holders of such Rights Shares and new Pasdec Shares to be issued pursuant to the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid where the entitlement date precedes the date of allotment of such Rights Shares and new Pasdec Shares to be issued pursuant to the exercise of the Warrants.
- (iv) As at the date of this Abridged Prospectus, no person has been or is entitled to be granted an option to subscribe for any of our securities save for the Rights Shares and Warrants to be provisionally allotted to our Entitled Shareholders under the Rights Issue with Warrants.

2. DIRECTORS' REMUNERATION

The provisions in our Company's Constitution (Memorandum and Articles of Association as adopted before the commencement of the Act) in relation to the remuneration of our Directors are as follows:-

Article 92

The fees payable to the directors shall from time to time be determined by an ordinary resolutions of the Company and shall (unless such resolution otherwise provided) be divisible among the directors as they may agree, or, failing agreement, equally, except that any director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of the remuneration related to the period during which he has held office. The remuneration of the directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase. The directors shall also be paid such travelling, hotel and other expenses as may reasonably be incurred by them in the execution of their duties including any such expenses incurred in connection with their attendance at meetings of directors. If by arrangement with the other directors any director shall perform or render any special duties or service outside his ordinary duties as a director, the directors may pay him special remuneration, in addition to his ordinary remuneration as may be arranged, but so that the same shall not be calculated on turnover. The fees payable to non-executive directors shall be by a fixed sum and not by a commission on or percentage of profits or turnover and the fees payable to executive directors may not include a commission on or percentage of turnover.

ADDITIONAL INFORMATION (CONT'D)**Article 93**

If any director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as member of a committee of directors, the Company may remunerate the director so doing either by a fixed sum or otherwise as may be determined by the directors and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the directors provided that no executive director shall be remunerated by a commission on or percentage of turnover.

Article 94

Each director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the board or committees of the board or general meetings of the Company or any other meeting which as a director he is entitled to attend and shall be paid all other costs and expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a director.

3. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the past two (2) years immediately preceding the date of this Abridged Prospectus:-

(i) Acquisition of the Properties

On 18 October 2016, our Company entered into a Sale and Purchase Agreement with JISB to purchase twelve (12) parcels of office units in Menara Zenith, a multi-storey office building located in Kuantan, Pahang from JISB for a total consideration of RM40,000,000, which will be fully satisfied by the issuance of 80,000,000 new Pasdec Shares at an issue price of RM0.50 per Consideration Share. The Acquisition was completed on 8 June 2017.

ii) Settlement Agreement dated 27 December 2016 between SM Pelangi Sdn Bhd ("SMPSB"), Syarikat Sri Jaya ("SSJ"), PCSB, Pasdec Putra Sdn Bhd ("PPSB") and Pasdec Land Sdn Bhd ("PLSB")

Settlement Agreement dated 27 December 2016 was entered into between SMPSB, SSJ, PCSB, PPSB and PLSB to utilise the following amount:-

- (a) balance purchase price of approximately RM6.43 million, due and payable by SMPSB to PCSB for the lands held under PN 12822, Lot No 11087 and PN 12823, Lot 11088 (formerly HS(D) 23616 (PN4499) and HS(D) 23617 (PN 4499)) both in Mukim Sungai Karang, Daerah Kuantan, Negeri Pahang pursuant to the Sale and Purchase Agreement dated 30 June 2016, entered into between PCSB, PKNP and SMPSB; and
- (b) the purchase price of approximately RM0.97 million, due and payable by SMPSB to PLSB for the two (2) units of houses described as Lots T2T5-01 and T2T-02 developed under Vista Verde Project, located in Jalan Gambang, Kuantan pursuant to the Joint Venture Agreement dated 2 February 2015 and Supplementary Joint Venture Agreement dated 30 May 2016, both entered into between PLSB and SMPSB ("**Joint Venture Agreement**"),

ADDITIONAL INFORMATION (CONT'D)

to off-set and/or contra the following:-

- (a) the total retention sum of approximately RM1.18 million for Bandar Damansara Phase 2A1 and Bandar Putra Phase 5A2, due and payable by PCSB and PPSB to SMPSB pursuant to the contract agreements entered into between PCSB and PPSB with SMPSB;
- (b) the total payment of the final certificates and retention sum of approximately RM0.98 million for Balok Perdana Phase 2A2, due and payable by PCSB to SSJ pursuant to Contract Document dated 7 June 2013, entered into between PCSB and SSJ;
- (c) the balance sum of approximately RM5.57 million, due and payable by PLSB to SSJ pursuant to the Contract Document dated 2 May 2012, entered into between PLSB and SSJ in relation to the construction and development of 81 units of double storey terrace houses developed under Vista Verde Project, located in Jalan Gambang, Kuantan; and
- (d) a sum of approximately RM1.38 million, being the 40% entitlement entitled by SMPSB pursuant to the Joint Venture Agreement.

Pursuant to this Settlement Agreement, the final amount due to SMPSB and SSJ by PCSB, PPSB, and PLSB is approximately RM1.71 million. As at the LPD, the settlement is still in the midst of completion and the said amount shall be disbursed progressively in accordance with the Contract Document dated 7 June 2013.

(iii) Settlement Agreement dated 30 December 2016 between our Company, PCSB, PPSB, PLSB and PKNP

Settlement Agreement dated 30 December 2016 was entered into between our Company, PCSB, PPSB, PLSB and PKNP to transfer to PKNP the vacant possession of two (2) units of Semi-D in Villa 10 Bukit Pelindung together with 8 vacant pieces of land belonging to PLSB and one (1) unit of commercial lot in Putra Business Centre belonging to PPSB to set off and/or contra the following debts:-

- (a) a sum of RM4,558,639.20 being the payment of dividend for the years of 2010 and 2013 and a sum of RM48,210.46 being the other arrears accrued as at 30 June 2016, totalling to the sum of RM4,606,849.66 due and payable by our Company to PKNP; and
- (b) a sum of RM1,975,233.67 being the outstanding rental as at June 2016 due and payable by PCSB to PKNP.

As at the LPD, the two (2) units of Semi-D in Villa 10 Bukit Pelindung and one (1) unit of commercial lot in Putra Business Centre have been transferred in favour of PKNP on 22 January 2018 and 13 November 2017 respectively. Nevertheless, the transfer of the eight (8) vacant pieces of lands are pending adjudication.

ADDITIONAL INFORMATION (CONT'D)

- (iv) **Settlement Agreement dated 22 December 2017 between PCSB, Malaysian Aviation Training Academy Sdn Bhd (“MATA”) and Aspirasi Padu Sdn Bhd (“APSB”)**

Settlement Agreement dated 22 December 2017 was entered into between PCSB, MATA and APSB whereby APSB as the registered owner agreed to transfer its land held under HS (D) 47516, PT 130553, Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang measuring approximately 117360.1 square metres (29 acres or 11.74 hectares) to PCSB as a full and final settlement of APSB’s and MATA’s outstanding rental and other costs totalling to a sum of RM10,079,036.00 to PCSB. The agreement was completed on 22 December 2017.

4. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, neither Pasdec nor its subsidiary companies are engaged in any other material litigation, claim or arbitration, either as plaintiff or defendant, which has or may have a material effect on the financial position or business of Pasdec and/or its subsidiary companies and the Board is not aware of any proceedings pending or threatened against Pasdec and/or its subsidiary companies or any fact likely to give rise to any proceedings which may materially or adversely affect the financial position or business of the Group.

- (i) **Kuantan High Court Suit No. 22NCVC-34-06/2016**

On 12 September 2013, Pasdec Putra Sdn Bhd (“PPSB”) awarded a contract to Suara Hati Sdn Bhd (“SHSB”) to develop fifty-four (54) units of double storey and 2½ storey semi-detached houses on the land held under Lot 28735, Mukim Kuala Kuantan, Pahang with the contract price amounting to approximately RM16.67 million.

Due to poor performance and delay of the development on site, PPSB terminated SHSB by issuing a Notice of Termination dated 6 October 2015 on SHSB.

Following the termination, SHSB filed a legal suit against PPSB by issuing Writ of Summons dated 14 June 2016 and Statement of Claim dated 12 June 2016 on PPSB for the balance amount owing by PPSB to SHSB amounting to approximately RM2.53 million, losses due to unfixed material on site amounting to approximately RM0.10 million, general damages, interest of 5% annually on all the losses incurred from the date of filing of summons until the date of judgment, solicitors-clients’ cost, cost of action and other reliefs deemed reasonable by the Court.

On 1 August 2016, PPSB filed Statement of Defence and Counterclaim of approximately RM14.65 million as the damages due to breach of contract, interest of 5% annually from 19 September 2013 (Phase 1) until full settlement, interest of 5% annually from 19 March 2014 (Phase 2) until full settlement, cost of action and other reliefs deemed reasonable by the Court.

The Court vide Judgment dated 6 July 2017 ordered PPSB to pay SHSB the balance amount of approximately RM2.53 million and interest of 4% annually on the same amount from 12 June 2016 until full settlement. The Court further dismissed PPSB’s counterclaim of approximately RM14.65 million and ordered PPSB to pay the cost of RM10,000 to SHSB.

PPSB proceeded to file Notice of Appeal on 25 July 2017 to appeal the matter to the Court of Appeal in Putrajaya.

ADDITIONAL INFORMATION (CONT'D)

PPSB filed a Stay Application with Kuantan High Court on 26 September 2017 together with an Affidavit in Support to forbid SHSB from enforcing the judgment dated 6 July 2017 pending the judgment of PPSB's appeal application. The stay was allowed by the Court vide Judgment dated 13 December 2017.

PPSB's appeal application was allowed by the Court of Appeal on 26 February 2018. PPSB is in the midst of filing the judgement.

SHSB has further filed Notice of Motion for Leave to Federal Court in regards to Court of Appeal decision and the first Case Management was held on 19 April 2018. The matter is fixed for second Case Management on 25 June 2018.

PPSB's solicitor acting in this case is of the opinion that the chance of the Federal Court granting SHSB the leave to appeal is slim. In the event the leave of appeal is rejected by the Federal Court, our Group will provide for the amount as per the Judgment dated 6 July 2017 amounting to approximately RM2.53 million with interest of 4% per annum and the said provision is not expected to affect the operations of our Group moving forward. However, the provision will be reflected in the income statement of our Group for the financial year of which it is recognised.

(ii) Notice of Demand to Networth Builders Sdn Bhd ("NBSB")

Pasdec Corporation Sdn. Bhd. ("**PCSB**") entered into an agreement with NBSB to carry out earthwork on 19 August 2014.

Pasdec issued a Notice of Demand dated 30 December 2016 to NBSB claiming for damages amounting to RM3,248,025.00 due to NBSB's failure to rectify the land conditions (i.e. leaving the excavated ponds in a hazardous condition and collapse slope)). NBSB has vide its solicitors, Hissham & Co. issued a letter in reply dated 3 February 2016 to Pasdec denying the allegations stated in Pasdec's letter dated 30 December 2016.

Instruction to file a legal suit against NBSB has been issued to Pasdec's solicitor and as at LPD, the Company is in the midst of preparing the cause papers.

Pasdec's solicitor acting in this case is of the opinion that PCSB has reasonably good prospects of success in its intended claim against NBSB.

5. GENERAL

- (i) There is no existing or proposed service contract entered or to be entered into by our Company with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.
- (ii) Save as disclosed in **Section 6** of this Abridged Prospectus, there are no material information including trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.
- (iii) Save as disclosed in **Sections 6, 7 and 9** this Abridged Prospectus and after having made all reasonable enquiries and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:-

ADDITIONAL INFORMATION (CONT'D)

- (b) material commitments for capital expenditure;
- (c) unusual or infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;
- (d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact on our Group's revenue or operating income; and
- (e) substantial increase in revenue.

6. CONSENTS

Our Principal Adviser, Company Secretary, Principal Bankers, Share Registrar, Bloomberg, Solicitors and Joint Underwriters for the Rights Issue with Warrants have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names and all references thereto, in the form and context in which they appear in this Abridged Prospectus.

Our Auditors and Reporting Accountants have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names, the letter on the proforma consolidated statements of financial position of our Group as at 31 December 2017, the audited consolidated financial statements of our Group for the FYE 31 December 2017, and all references thereto, in the form and context in which they appear in this Abridged Prospectus.

7. DOCUMENTS FOR INSPECTION

The copies of the following documents are available for inspection at the registered office of our Company at Tingkat 14, Menara Teruntum, Jalan Mahkota, 25000 Kuantan, Pahang Darul Makmur during normal business hours 8.15 a.m to 5.15 p.m from Monday to Friday (excluding public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:-

- (i) the Constitution of our Company;
- (ii) the Deed Poll;
- (iii) the irrevocable letters of undertaking provided by the Undertaking Shareholders as referred to in **Section 3.1** of this Abridged Prospectus;
- (iv) the proforma consolidated statement of financial position of our Group as at 31 December 2017 together with the notes and Reporting Accountants' letter thereon as set out in **Appendix III** of this Abridged Prospectus;
- (v) the audited consolidated financial statements of Pasdec Group for the past two (2) financial years up to and including the FYE 31 December 2017;
- (vi) the Directors' Report as set out in **Appendix VI** of this Abridged Prospectus;
- (vii) the material contracts referred to in **Section 3** of this **Appendix VII**;
- (viii) the relevant cause papers in respect of the material litigations referred to in **Section 4** of this **Appendix VII**;
- (ix) the consent letters referred to in **Section 6** of this **Appendix VII**; and

ADDITIONAL INFORMATION (CONT'D)

(x) the Underwriting Agreement.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with its accompanying documents have been seen and approved by our Board. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

RHB Investment Bank, being our Principal Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants.